

**CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD**

**ADMINISTRATION COMMITTEE**

March 18, 1997

**AGENDA ITEM 1**

**ITEM:** Consideration of Options for Enhancing the Integrated Waste Management Fee Including Fee Increases and Collection of the Fee from New Sources (50% Initiative Strategies 4, 5, and 6)

**I. SUMMARY**

At its January 23, 1997 meeting, the CIWMB discussed the recommendations of the "Getting to 50% Initiative" and directed that their implementation be discussed in more detail by the Board's various committees. The recommendations relating to the Integrated Waste Management Fee were referred to the Administration Committee. These recommendations are now being presented for the committee's consideration.

The "Getting to 50% Initiative" recommended a range of proposals to enhance the efforts being made to reach the waste diversion goals established by AB 939. The alternatives focus on increasing the revenue available to the Board, correcting an inequity the application of the fee, and using the fee as an incentive to stimulate waste prevention and recycling.

#4. Raise IWM Fee rate to \$1.40 to increase funding available for waste prevention programs.

#5. Impose IWM Fee at MRFs and Transfer stations for materials disposed of outside of California.

#6. Greatly increase IWM Fee and provide a break for cities/counties that meet or exceed diversion goals.

**II. PREVIOUS COMMITTEE ACTION**

There was no previous Administration Committee action on this item.

**III. OPTIONS FOR THE COMMITTEE**

Committee members may decide to:

1. Recommend that the Board implement one or more of the recommendations.
2. Recommend that the Board give staff other directions at this time.
3. Recommend that the Board take no action at this time.

**IV. STAFF RECOMMENDATIONS**

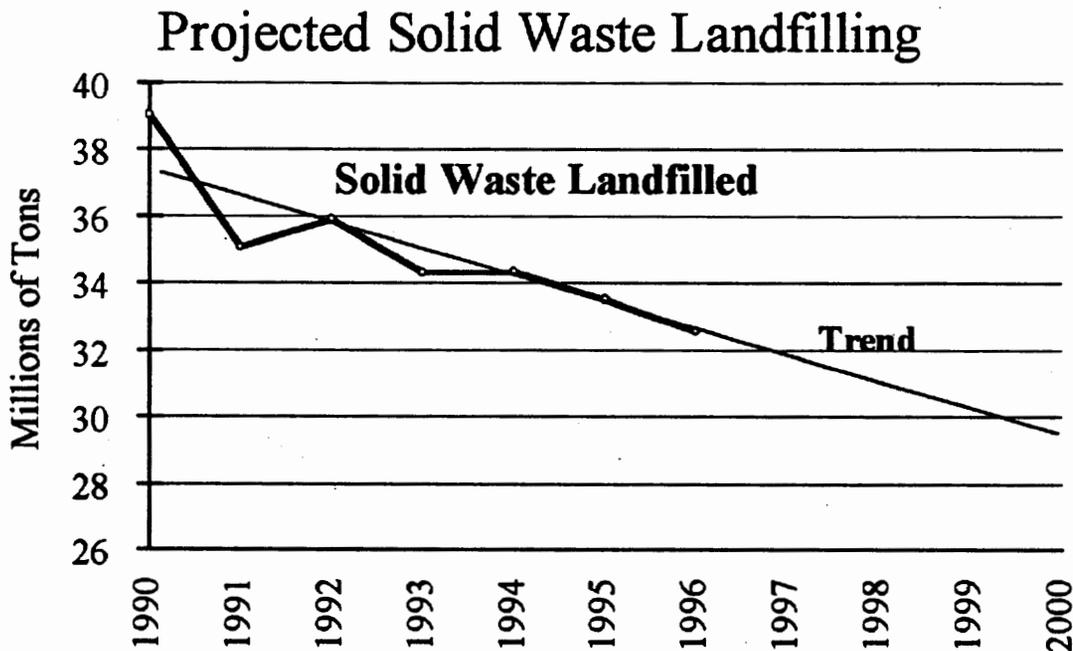
None

**V. ANALYSIS**

**1. CURRENT IWMA REVENUE SITUATION**

Solid waste disposal subject to the IWM fee is falling approximately one million tons each year. Between 1990 and 1996, annual solid waste landfilling subject to CIWMB fees has fallen from 39 million to 32.6 million tons; a 17 percent loss. The amount of solid waste annually diverted from landfills has increased approximately 5.5 million tons. The amount of waste exported from California annually has risen approximately 280,000 tons. An additional 150,000 tons may be being exported by the end of 1998.

If this trend continues, annual disposal could fall to less than 31 million tons by the end of 1998. This would be a loss of one quarter(26%) of the IWMA's original funding base. The anticipated revenue would fall from \$44,055,000 in the current fiscal year to \$41,540,000 in 1998.



2. THE BOARD'S AUTHORITY

The CIWMB has the authority to set the IWM Fee so that revenues are generated "equivalent to the approved budget for that fiscal year, including a prudent reserve" but no greater than \$1.40 per ton.<sup>1</sup> At current disposal rates, each \$0.01 increase in the rate would generate approximately \$320,000. Thus, up to \$1,920,000 could be generated by the end of FY 1997-98 if the IWM Fee was raised to its statutory ceiling.

3. DECLINING REVENUES

Revenues to pay for the Board's solid waste programs have fallen significantly since fiscal year 1990-91. During fiscal year 1990-91, the IWM Fee was collected at \$0.75 per ton and the Eastin Fee<sup>2</sup> was \$.53 per ton. During 1996 only the \$1.34/ton IWM Fee was paid. Thus, the total state level solid waste fee paid to the CIWMB increased \$0.06 (4.7 %) between these periods. On the other hand, annual reported disposal decreased from 37.6 million tons to 32.6 million tons; a 5.0 million ton (13%) decline. Thus solid waste fee payments declined \$6.0 million.

	FY 1990-91	1996	Change	% Change
Total Solid Waste Fee (\$/ton)	\$1.28	\$1.34	\$0.06	+5%
Disposal (1,000s tons)	37,614	32,595	- 5,019	-13%
Total Solid Waste Payments (\$1,000s)	\$49,284	\$43,238	\$ - 6,046	-12%

This decline was not spread uniformly among all counties. Thirty-two counties, which together dispose of 79 percent of the reported disposal, paid less fees in 1995.

AB 1220

Assembly Bill 1220 in 1993 combined the IWM and Eastin fees into a consolidated IWM Fee which could range only between \$1.34 and \$1.40 per ton. Without the Eastin Fee's ability to adjust to disposal rates, the Board's solid waste funding was left much more sensitive to diminished disposal. In addition to falling disposal, this new fee structure also contributed to declining

<sup>1</sup>Public Resources Code Section 48000

<sup>2</sup>For 1990 disposal.

IWM Fund revenues. If the solid waste fee structure had not changed in 1993, total state solid waste payments would have been \$600,000 greater in fiscal year 1995-96 than they actually were. The Eastin Fee would have collected \$20 million (at \$0.61/ton) while the IWM Fee would bring in about \$24.6 million (at \$0.75/ton) for a total of \$44.7 million in 1995 (at \$1.36/ton). Only \$44.1 million was paid in 1995-96.

AB 1220, in addition, eliminated the need for landfill operators to pay fees to both the CIWMB and the State Water Resources Control Board (SWRCB). The consolidated IWM Fee is now used to fund SWRCB's landfill related activities via an annual transfer from the IWMA. The amount transferred is adjusted as the disposal rate changes. It is estimated that annual landfill payments to SWRCB were reduced approximately \$1.3 million. Overall, payments to the state by landfill operators in fiscal year 1995-96 were \$1.9 million less than they would have been under the old structure.

#### Waste Export

Due to more attractive landfill gate fees in nearby states, there has been an increase in the amount of waste shipped for disposal outside of California. The IWM Fee is levied on landfill operators in California and thus waste sent out of state is not subject to it. An estimated 400,000 tons were exported in 1995 which would have generated approximately \$500,000. This represents not only diminished revenue for the IWMA but also creates an inequitable situation. Jurisdictions that export their waste and thus do not pay state solid waste fees are still eligible to receive benefits, including loans and market development assistance, from the Board.

#### 4. "GETTING TO 50% INITIATIVE" RECOMMENDATIONS

##### Increasing IWMA Revenues

#4. Raise IWM Fee rate to \$1.40 to increase funding available for waste prevention programs.

##### ■ Advantages:

This could provide an additional \$2 million per fiscal year or a total of \$6 million over fiscal years 1997-98 through 1999-2000.

Does not require legislation.

##### ● Disadvantages:

An increase in the state levy on solid waste could result in either lower revenues to landfill operators and/or higher tipping fees for their customers.

Correcting an Inequity

**#5. Impose IWM Fee at MRFs and Transfer stations for materials disposed of outside of California.**

The Board should seek legislation to impose the IWM Fee on solid waste that is exported for disposal outside of California.

■ Advantages:

This could make available an additional \$ 500,000 per fiscal year for CIWMB diversion programs.

Would eliminate an inequity in the current IWM Fee structure.

● Disadvantages:

Would require legislation.

Creating an Incentive

**#6. Greatly increase IWM Fee and provide a break for cities/counties that meet or exceed diversion goals.**

The IWM Fee structure could be modified to a sliding scale (starting at \$5.00 per ton, for example) such that the rate paid by each landfill would fall as its jurisdiction(s) met and/or exceeded its diversion goals. The scale could be set so that either the overall effective fee rate would be equal to the current fee rate or would be higher than the current rate.

■ Advantages:

Could provide a significant incentive for waste diversion.

● Disadvantages:

Would not necessarily enhance the IWMA's sensitivity to reduced disposal.

Would require legislation.

**VII. APPROVALS**

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