



COUNTY WASTE TAXES TO FUND RECYCLING: AN UNPRODUCTIVE APPROACH?

Recent history suggests that giving counties authorization to impose a tax of up to \$4 per ton on municipal waste to support local recycling won't accomplish anything other than enacting a new tax for the sake of a new tax.

An analysis by the Pennsylvania Waste Industries Association of recycling in Pennsylvania from 1989 to 2005 (the most recent year for which statistics are available) strongly suggests that there is no positive correlation between "county fees" and the health of recycling.

In fact, the data from 1989 to 2005 indicates that recycling was healthier and grew more in counties that did not impose any waste fees (taxes, in effect) to support local recycling programs.

BACKGROUND

During the period studied, 13 counties imposed local fees of \$3 per ton or higher on local municipal waste; 15 counties imposed fees of \$2 to \$2.99; 15 counties imposed fees of less than \$2 per ton; and **24 counties did not impose any fees.**

In 2005, county fees charged in Columbia, Northumberland, Union, Montour, and Snyder counties were overturned by a common pleas court in Lycoming County. The decision was appealed to Commonwealth Court and that court declared the "county fee system" illegal because such fees were preempted by Act 101.

Current proposed legislation in the form of House Bill 1069 and Senate Bill 887 is an attempt to resurrect the illegal county fee system by authorizing counties to charge a tax of up to \$4 per ton on municipal waste to pay for local recycling programs.

Proponents of the county waste tax have argued it would not be a new tax, but merely a "reinstatement" or a "reauthorization" of a previously used tax mechanism for recycling. We disagree with this interpretation. A substantial number of counties imposed a local tax on waste previously—but they did so illegally, without statutory authorization, as Commonwealth Court clearly ruled. One can't reinstate what never legally existed.

WHAT THE RECORD SHOWS

- As of 2005, the 24 counties (out of 67) that imposed no fees together accounted for 55 percent of the recycled materials statewide.
- In 2005, 15 counties together accounted for 75 percent of recycled materials statewide. Of these 15 counties, nine did not impose a fee.
- The amount of material recycled has been consistently and dramatically higher in the 24 counties without fees. The gap at times has been nearly double the amount recycled in the 28 counties with fees exceeding \$2 per ton, and has widened over time. (See Chart No. 1.)
- From 1999 through 2005, the per-capita recycling in counties without fees has been consistently higher than the per-capita recycling rate of counties with fees. (See Chart No. 2.)
- In 2005, the statewide average per-capita recycling rate was 580 pounds per person. Generally, the higher the county fee, the lower the per-capita recycling rate.
- In fact, the data demonstrates a reverse correlation between county fees and the per-capita recycling rate. In 2005, for those counties without fees, the per-capita recycling rate was an average of more than 700 pounds. For those counties with fees less than \$2 per ton, the per-capita recycling rate was an average of 585 pounds. For those counties with fees between \$2 and \$2.99 per ton, the per-capita recycling rate was an average of 510 pounds, and for those counties with the highest fees (\$3 per ton and higher), the per-capita recycling rate averaged only 429 pounds. (See Chart No. 2.)

The bottom line conclusion is inescapable: The imposition of fees to pay for local recycling in some Pennsylvania counties from 1989 to 2005 failed to produce positive results in terms of measurably increased recycling.

This calls into question whether the enactment of either House Bill 1069 or Senate Bill 887 would accomplish anything other than a tax for its own sake.

Now, more than ever, costs and benefits must be considered and balanced. Recycling can produce positive results without the help of a new tax that burdens residents, businesses, school districts, hospitals, and industries.

Source: PWIA's conclusions are based on an analysis of recycling records provided by the Pennsylvania Department of Environmental Protection. Only data current through 2005 was available.

THE PWIA POSITION

We are opposed to House Bill 1069 and Senate Bill 887 for several reasons, including the conclusions outlined above.

If all Pennsylvania counties were to impose the maximum \$4 per ton, the tax would take nearly \$60 million a year out of the pockets of Pennsylvanians. This would be a very painful bite for residents and business during a recession.

The \$4-per-ton a tax would represent a potential 47 percent hike in trash taxes. Taxes on a ton of municipal waste in Pennsylvania include the existing \$2 to the Recycling Fund, \$4.25 to the Environmental Stewardship Fund, and an average of \$2.33 for municipal host payments, for a total of \$8.58. A \$4 increase on top of that to \$12.58 per ton would amount to 47 percent.

We believe the current \$2-per-ton tax is sufficient as a means of support for recycling and should be reauthorized. That tax will generate an estimated \$41 million for the state Recycling Fund in the 2009-10 budget year.

One of the most important reasons we are opposed to new trash taxes to support recycling is that the Legislature never envisioned or intended that municipal recycling programs established by Act 101 would be subsidized indefinitely. The Legislature reiterated in Act 175 of 2002 that recycling programs established under Act 101 were expected to become “financially self-sufficient.” The message sent by the pending bills is the wrong one—that recycling needs to be permanently subsidized by government.

The members of PWIA are committed to developing and growing opportunities for market-driven, private-sector recycling. In just the last three years, our members have invested more than \$30 million in recycling. Ultimately, self-sufficiency will depend on private investment, efforts like those of our members. The private sector shouldn't be expected to compete with government-subsidized recycling programs, especially since, as we now know, these programs aren't producing the results they should be.

Our members strongly support recycling. They are leading the development of private-sector recycling. It's important for legislators to understand that a new tax is unnecessary. Recycling in Pennsylvania can be successful without it.