

FUNDING RECYCLING OPPORTUNITIES

A FOLLOW-UP TO HM51

**June 3, 2015
Albuquerque, NM**

New Mexico Recycling Coalition



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Background

- HM51 passed 2014 legislative session
- Rep. Jeff Steinborn
- Requests development of strategies to meet the 50% recycling goal outlined in the NM Solid Waste Management Act
- June 2014 Stakeholder Mtg
- Dec 2014 Report to Interim Committee

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Task Force

June 2014 Stakeholder Input:

- Identified Funding for Recycling options
- Identified Business Recycling, State Agency Recycling and Construction and Demolition Recycling as 3 short-term strategies
- Planning Fall stakeholder group to address other opps

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Agenda

Now	Presentation
11:15	Break-Out Groups
11:45	Group Reports
12:15	Lunch

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Recycling Support in New Mexico

- Current RAID grant fund (~\$800,000 split 2/3 tire recycling efforts, 1/3 illegal dumping/recycling)
- Past grant funding in mid-1990s via NM – EMNRD, funded via oil/gas monies
- Recent DOE investments \$2.5 million ('11-'12)
- No recurring federal monies for recycling
- Recycling and Composting Facility Certified Operator Trainings
- NMED Technical Assistance
- NMRC Technical Assistance

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Why Funding Is Important

- Supports expanded state level technical support, programs and education and outreach efforts
- Grants awarded using state-level priorities to guide local development
- Grant funding can be used as an incentive
- Examples of prioritizing grant funding:
 - Adopt specific local ordinances
 - Provide specific diversion program offerings
 - Contract with private sector for waste collections that add requirement by those haulers for recycling collections
 - Submit regular, approved solid waste management plans

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How Much Is Needed?

- Estimates for increased collection/processing capacity to reach 50% would need to include:
 - Expanded regional processing and collection capacity
 - Conversion to automated curbside trash collections in dumpster communities
 - Curbside recycling collections added to communities with curbside trash collections
 - Expanded, regionalized composting operations
 - Construction and Demolition regionalized processing
 - Business Recycling collection infrastructure

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How Much Is Needed?

Michigan's Research and Planning to Reach 50%

- Looked at 8 highest performing states
- 5 currently provide funding to communities, 3 provided for first decade and have suspended funding either due to budget issues or infrastructure is largely developed
- Average estimated per capita expenditure of \$1.35/yr in those 5 states
- BUT, hard to look at these high performing states as their programs are further developed
- Michigan estimated \$16.5 million investment needed in improved infrastructure

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How Much Is Needed?

State-Level Staffing to Reach 50%

- Average of 9.7 FTE staff in non-bottle bill high-performing states (Michigan study)
- Staff roles in those include:
 - Provide education and outreach
 - Technical assistance to communities and business
 - Some states have regional reps
 - Administering and enforcing recycling programs and policies
 - Tracking recycling performance

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Options

3 Policy Options (+1) to Increase Funding for Recycling

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4 Options to Increase Funding

- June 2014 Stakeholder Group
- Landed on 3 top strategies:
 - Increase RAID Grant Funding for Recycling
 - Landfill Tip Fee
 - Luxury or Sales Tax
- Bonus Option
 - Extended Producer Responsibility



Recycling and Illegal Dumping Act

- RAID Grant: \$.50 per motor vehicle registration
- Average annual revenue = \$800,000 for grants
- Two-thirds goes to tire recycling projects
- One-third split with recycling and illegal dumping
 - Recycling = approx. \$136,000 or \$.068 per capita
- Currently supports small-scale recycling projects
- 2005: RAID Act updated the funding proportions
 - Grants were all for tire recycling projects
 - Added the 2/3 tire and 1/3 non-tire split
 - Added RAID Alliance



RAID Grant Funding

Opportunity: Change Funding Proportions

- Currently 2/3 for tires and 1/3 illegal dumping and recycling (non-tire)
- Recycling projects have a greater funding need
- Proposals are based on small projects, limited funding
- If proportions changed, would \$\$ be enough for significant recycling projects?

Funding Available 2015	Requested	Number of Applications
Tire Grants \$600,000	\$401,158	7
Recycling and Illegal Dumping: \$300,000	\$340,732 for Illegal Dumping \$1,085,246 for Recycling	9 for Illegal Dumping, 20 for Recycling



RAID Grant Funding

Opportunity: Increase Fee

- If doubled to \$1/vehicle, the grant fund could see on average \$1.6 million for grants
- Meets proven demand for tires and illegal dumping, but question remains – Is it enough for significant recycling infrastructure improvements?
- Also lacks funding for increased NMED technical assistance staff or state-level education/outreach

Increased Fee, Same Proportions	Increased Fee, Different Proportions
Tire Grants \$1,200,000 (2/3 of fund)	Tire Grants 25% = \$400,000
Recycling and Illegal Dumping: \$600,000 (1/3 fund)	Illegal Dumping 25% = \$400,000
	Recycling 50% = \$800,000



RAID Grant Funding

- 2015 Legislative Session: Two bills threatened to remove ability to increase RAID grant funds by constitutional amendment. Did not pass nor was heard in committee.
 - Linked to road funding needs
 - Road improvements one of Governor's priorities
 - Suspect roads funding will remain focus of upcoming sessions
 - Concern that legislation could be introduced that removes all non-roads-related fees – channeling those funding into roads budget – thus eliminating RAID fund



RAID Grant Funding

Pros:

- Existing legislation and program
- Can tie grant funding to programmatic priorities
- Mechanism to increase funding for recycling programs

Cons:

- With current search for roads funding, drawing attention to this fund is risky based on recent activity
- Not enough \$\$ for large-scale recycling improvements
- Does not provide for dollars to increase NMED recycling staffing or statewide education/outreach
- Motor-vehicle/tire recycling fee not a direct correlation



Disposal/Landfill Tip Fee

- A surcharge added to landfill/transfer station tipping fees
- Set aside by state, region or entity for a special purpose
- 35 states have a landfill tip fee in place = 70%
- Fee used for recycling-funded infrastructure, market development, technical assistance and state-level staffing
- NMRC proposed in 2009, Colorado implemented 2008
- Average \$1-\$2/ton



NM Landfill Tip Fee History

- “Recycling Development Act”, proposed in 2009
- Proposed \$.60/ton tip fee
 - **Phased-in over 3 year period.**
 - Proposal would have generated \$2.2 million
 - Based on feedback from first committee, negotiations and a substitute bill were developed



NM Landfill Tip Fee History

Proposed Funding Distribution in 2009 Bill:

Percent	Amount	Distribution
50%	\$1.1 million	Direct to govt entities responsible for solid waste management for their regions
15%	\$330,000	4 FTE at NMED: Solid Waste Bureau
7%	\$154,000	Public Outreach Fund via NMED
28%	\$616,000	Recycling Infrastructure and Opportunity Fund
		87%, \$535,920, to recycling equipment grants
		10%, \$61,600, local community education
		3%, \$18,500, end-use research for innovative use of recyclable materials



Disposal/Landfill Tip Fee

Consideration:

- Add funding percentage to support NMED daily operations as a regulatory entity, especially in regard to landfill monitoring, enforcement, inspections, technical support, permit review, etc.
- NMED: Solid Waste Bureau does not have an independent funding source
- It is the only NMED bureau reliant on General Fund
- Consider a portion of tip fee to support permitting, enforcement, review, solid waste technical advisement



Disposal/Landfill Tip Fee

North Carolina

- \$2/ton tip fee on solid waste disposed in state landfills/ transfer stations
- Generates \$24 million, instituted 2008, short bill
- Up to \$225,000 may be retained by state for admin
- 37.5% is distributed directly back to local govts for solid waste/recycling (split 50/50 between cities and counties and then distributed based on population)
- 12.5% to Solid Waste Management Trust Fund for local recycling grants
- 50% goes to Inactive Hazardous Landfill Clean-Up
- <http://www.dor.state.nc.us/taxes/sales/solidwastefaq.pdf>



Disposal/Landfill Tip Fee

Iowa

Utilizes variable state landfill tipping fees depending on level of compliance with state diversion goals

- If community is not meeting 25% Iowa diversion goal, it pays \$3.30/ton.
- If it meets 25% goal, but has not met 50% goal, then pays \$2.10/ton
- If it has met the 50% goal, then \$1.95/ton fee



Disposal/Landfill Tip Fee

Minnesota

- Awards annual county block grants to be used on eligible diversion projects
- Requires county plans (every 5 years) and reporting
- Originally collected at landfill, moved to trash hauler so waste generators could see fee
- Percentage fees of 17% for non-residential mixed MSW and 9.5% on residential MSW. Set fee of \$.60/cu/yd for infectious, demolition and industrial wastes



Disposal/Landfill Tip Fee

Missouri

- \$2.11/ton for MSW and a \$1.40/ton on C&D
- 32% recycling rate, 46% diversion rate (2006)

Colorado

- Tip fee passed in 2007, enacted 2008
- Had initial 10 year sunset, which has been extended to 2026
- Has range of fees: per vehicle fees, by CY, per ton, liquid/sludge, contaminated soil
- Rebate program, grant funding for recycling infrastructure, business. Granted out \$7 million+ since inception



Disposal/Landfill Tip Fee

Possible NM Revenue Generation

	Tons Disposed MSW & C&D (2013)	Range of Possible Disposal Tip Fees		
		\$1.00	\$2.00	\$3.00
Landfilled	2,088,412			
		\$2,088,412	\$4,176,824	\$6,265,236
Avg Cost Per Person Per Year		\$1.04	\$2.09	\$3.13



Disposal/Landfill Tip Fee

Pros:

- Equitable fee as it covers all MSW disposed
- Provides significant infrastructure funding
- Could provide funding to support NMED: SWB operations and make it more self-sustaining

Cons:

- Eventually self-limiting as diversion increases, overall tip fees reduce
- Adding a new fee may not be politically appetizing



Disposal/Landfill Tip Fee

Opportunities and Consideration:

- Lower tip fees as communities reach state-level goals
 - E.g. Iowa has variable tip fees according to diversion percentage reached
- Could lower tip fee after a certain time period (e.g. 10 years)



Disposal/Landfill Tip Fee

Recycling Savings Account – Another Approach

- Requires a locally-charged and managed fee collected at trash disposal locations (transfer and/or landfill)
- Funds are placed in separate account locally to be specifically used for diversion investments
- Integrated solid waste plan required to show planning and progress towards state goal of 50% diversion by target date.
- Penalties for lack of reporting, saving or progress
- Compliance is conducted through annual reporting.



Luxury or Sales Tax Options

Funding mechanism to support state-level recycling funding through a sales tax, consumption fee, or fee on a specific product or sector.

Business Surcharge

- 3% of gross tax liability for corporations; .2% of net business income for non-farm companies (WI)
- \$25 for all retailers with \$50,000+ sales (Nebraska)

Litter/Solid Waste/Recycling Fee

- \$175 per each \$1 million dollars of gross sales of specific products deemed to directly contribute to the litter stream. (Nebraska)



Luxury or Sales Tax Options

Generalized Advanced Recovery Fee

- Delaware County, NY places a one cent fee on every 8 cents in sales tax towards solid waste management funding

Petroleum and Hazardous Material Fee

- Tax paid by wholesale distributors of petroleum and other hazardous materials (Washington)
- Supports solid waste, moderate risk waste, diversion
- \$1.98 per capita per year



Luxury or Sales Tax Options

Transaction Fee

- Links to products consumed and their end-of-life management = consumption tax
- Spreads responsibility broadly
- Michigan is considering a \$.01 per any purchase of \$2+ of a good, will be remitted to state using established methods for recycling funding
- New Mexico had \$51.1 Billion Total Taxable Transactions with 23.5% in the Retail Sector(FY2014)
- For instance, \$12 Billion in retail sales, with a .01% fee for recycling = \$12 Million



EPR for Packaging

Extended Producer Responsibility (EPR) is a mandatory type of product stewardship that includes, at a minimum, the requirement that the producer's responsibility for their product extends to post-consumer management of that **product and its packaging**.

There are two related features of EPR policy: (1) shifting financial and management responsibility, with government oversight, upstream to the producer and away from the public sector; and (2) providing incentives to producers to incorporate environmental considerations into the design of their products and packaging. (Endorsed by PSI, PPI and CPSC)

Example: Mattress, Carpet, Paint or Other Items Required to Be Taken Back Through Industry-Paid-For Efforts



EPR for Packaging

- Extended Producer Responsibility for Printed Products and Packaging
- Expands EPR concept to basically the residential paper and product-related waste stream
- Producers of these products become financially responsible for the collection/end-of-life management of these items
- Removes cost burden away from local government
- Assumption that producers will pass down cost to consumer through pricing
- Producers may oversee collections and processing, work with third party to manage or directly finance local collections



EPR for Packaging

- Used in Canada and all of European Union countries
- Has not been implemented in US yet for packaging
- Concerns of losing local control over collections
- Only targets a segment of waste stream
- Brings producers into responsibility for their products – which could improve design for recyclability and collections
- EPR is commonly used in many states for electronics, paint, mattresses, mercury-containing devices (CFLs/thermostats)
- NM does not have any EPR policy yet
- **EPR could be a tool to include producers to help pay for end-of-life product management for a wide range of materials**



EPR

Ontario, Canada

- Half of the residential curbside collection program is funded by Stewards
- Stewards are producers or importers of recyclable materials used in Ontario with gross revenue exceeding \$2 million in any year since 2002
- Stewards pay a tax per kilogram of glass, metal, paper, plastic, or textiles that they sell or distribute



EPR

Rhode Island

- Proposed legislation in Feb 2015
- Requires producers to develop plan to divert 80% of packaging by 2020

North Carolina

- Proposed in 2013
- Partially responsible for creation of Closed Loop Fund
- Funding from brand owners to support residential recycling collections with grants and loans



What Else?

Other Ways To Approach

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Other Strategies

Maryland

- Maryland Environmental Services, independent state agency focused on air, land and water resources
- Runs 2 composting facilities and 2 MRFs
- Hosts variety of hard-to-recycle collection programs, a regional drop-off, offers marketing services, implemented recycling at airport, port and sports stadium
- Helps get grants for local entities and find financing
- Funded by local, state and federal fee for services, as well as state appropriation bonds for facilities
- MD does not have general recycling grant fund

Other Strategies

Oregon

- Requires communities with 4,000 or more to provide a minimum of 3 recycling program elements
- Cities of 10,000 or more must add 1-2 additional elements
 - 9 Elements range from curbside collection to yard debris collection from commercial generator separation and collection from PAYT.
- Does have landfill tip fee with grants only awarded to local government (allowance is made for contracting with other entities, private sector to implement)
- Total grant \$ awarded 1991-2006 = \$5.3 million



Other Strategies

Curbside and Access to Recycling Requirement

- PA requires curbside residential and business recycling collections at least once a month in communities with 10,000 or more or pop. of 5,000 with 300 people per sq mile
- Maine requires curbside residential recycling for communities with 10,000+ and requires local program to provide commercial recycling

Iowa and Pay-As-You-Throw (PAYT)

- If community does not meet 25% goal, PAYT must be implemented

Minnesota and Washington PAYT

- State-level requirement for communities to use PAYT



State-Level Funding & Private Sector

NM Has an Anti-Donation Clause

- State grants cannot fund private business enterprise

Public-Private Partnerships Acceptable

- Local govt may solicit for private partner to provide services using local equipment/facility/land

Local Economic Development Act (LEDA)

- In communities with LEDA enacted, local government can provide infrastructure to private entity with security of assets and commitment of job creation, tons diverted, something of value to local community



Public-Private Partnerships

- State-level and local-level solicitation/encouragement of PPP/ LEDA partnerships with private sector to build out needed infrastructure (Washington encourages PPPs for processing and composting facilities)
- Still would need strong state-level requirement with enforcement to encourage communities to comply with increased recycling rate goals
- Tactics to encourage public-private partnerships
 - Disposal bans
 - Other state policy that will incentivize the private-sector investment



Tying Funding to Goal Achievement

Require Solid Waste-Diversion Plans

- Tie grant fund availability to state-approved plan
- Strategic plan, action-oriented, short in length, created with technical support from NMED
- Could be de-coupled from funding and linked to permitting or registration as well

Outline Types of Programmatic Offerings

- Communities must provide (or have plan to provide) a set number of strategic diversion offerings (Oregon)

Self-Sustaining Funding or Variable Rates/PAYT

- Grant funding supports PAYT, variable rate, self-sustaining solid waste program funding



In Summary

For Your Consideration...

Governor's Priorities

Governor's 2015 Priorities

- Education
- Transportation
- Economic Development
 - Specifically supported increasing funding for the state's Local Economic Development Act
 - Legislation making it easier for entrepreneurs to launch businesses
 - In past years bills have passed making it easier for manufacturers to export products and reduced the tax rate on businesses (NM Jobs Package).
 - Supports critical, job-creating industries



NM Legislature

- House is Republican led and Senate is Democratic led...bills must be bi-partisan in order to pass both sides
- Bill success rate much lower this year than past years

Critical aspects of funding/recycling legislation must include:

**Clear Link to Economic Development/Jobs
Economics of Not Throwing \$ into Landfill
Harvesting Locally-Generated Resources**



What Next?

Next Steps for HM51 Task Force

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Reaching 50% Means Adding More Than 9,000 NM Jobs, 3,500 New Direct Jobs

NM Recycling Rate	Direct Jobs (63% Stays In State)	Indirect Jobs	Induced Jobs	Total Jobs	Jobs in NM (52% stay in state)
16%	2159	1983	2604	6746	3526
34%	5141	4723	6200	16064	8397
50%	7714	7087	9304	24104	12600

"Adding 5,000 Jobs to New Mexico's Economy", New Mexico Recycling Coalition & ICF International, May 2013.

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Moving Forward

- Convene October 14 Stakeholder Meeting in ABQ to discuss:
 - Funding Recycling Strategy
 - State Agency Recycling Opportunities
 - C&D Recycling Opportunities
 - Business Recycling Opportunities
 - Extended Producer Responsibility
 - Local-level Business Recycling Best Practices
- Identify how to measure 50% and outline a reasonable time frame to reach 50%



Break-Out Groups

Break-Out Group	Break-Out Leader
1	Danita Boettner
2	Terry Timme
3	Patrick Peck
4	Charles Fiedler

