

# Analysis of the Potential to Raise Revenue By Imposing A Service Fee on All Solid Waste Management Transactions

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*Report to Vermont Agency of Natural Resources*

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Prepared by:

**DSM ENVIRONMENTAL**  
SERVICES, INC.  
Resource Economists  
Environmental Scientists

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### Appendix A:

*Title 32: Taxation And Finance, Chapter 151: Income Taxes, Subchapter 013: Franchise Tax On Waste Facilities*

## INTRODUCTION

DSM Environmental Services (DSM) was contracted by the Vermont Agency of Natural Resources (ANR) to use the models and data developed during DSM's economic analysis of the Universal Recycling law (Act 148)<sup>1</sup> to estimate potential revenue generation from a service fee applied to all solid waste, recycling and organics collection services required under Act 148; and, to review logistical issues associated with assessing this fee on all transactions.

The Solid Waste Infrastructure Advisory Committee (SWIAC) determined that approximately \$12 million would need to be raised to meet the proposed State share of infrastructure investments DSM estimated were necessary to implement Act 148. The SWIAC determined that 25 percent of the total estimated investment, or roughly \$2 million each year over the next six years would need to be supplied by the State as opposed to private haulers, districts and municipalities<sup>2</sup>. In addition, if the franchise fee were eliminated at the time of implementation of the proposed service fee, this revenue would need to be made up. Last year (FY 2014), the franchise fee raised \$3.28 million down from a peak of \$3.53 million in FY 2011. This decline would be expected to continue as Act 148 is fully implemented.

The current franchise fee (\$6 per ton) applies only to materials disposed and has not been increased in the roughly 25 years that it has been in place. As waste disposal decreases, as expected under Act 148, and recycling and organics diversion increase, annual revenues under the franchise fee are expected to decline. A fee tied to collection costs instead is more sustainable because it provides some self-adjustment over time as collection costs per unit increase due to inflation. More importantly, broadening the service fee to include collection of recyclables and organics as well as refuse may provide the additional revenue needed to support Act 148 infrastructure.

Replacing the current franchise fee, and raising an additional \$2 million per year would require that roughly \$5.5 million annually be raised by the new service fee. The purpose of this analysis is to determine what the service fee rate would need to be to raise roughly \$5.5 million annually.

It is important for readers to note here that there are essentially two sets of factors that will impact actual revenues raised through a service fee. The first are factors associated with implementation of Act 148, including especially how quickly Act 148 is actually implemented; and just as importantly, how the private sector prices the provision of solid waste, recycling and organics collection services required under Act 148. These factors are linked to how much funding the State ultimately injects into the system to assist with implementation, and how quickly and aggressively the State moves to enforce the provisions of Act 148.

The second set of factors are external to Act 148. DSM is currently working on recycling and waste characterization projects for the Delaware Solid Waste Authority, the Rhode Island Resource Recovery Association and the Connecticut Department of Energy and Environmental Protection. Each of these states is seeing significant growth in solid waste disposal at in-state facilities associated with improvements in the overall economy. This growth, just

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<sup>1</sup> See DSM Environmental Services, Inc. Report "Systems Analysis of the Impact of Act 148 on Solid Waste Management in Vermont". Final Report Prepared for Vermont Agency of Natural Resources, October 21, 2013.

<sup>2</sup> It should be noted here that the DSM Act 148 analysis assumed a much higher level of State investment than the SWIAC determined would be necessary. DSM is not convinced that a 25 percent contribution by the State will be sufficient to implement the changes to Vermont's solid waste management system envisioned by Act 148, and as a result implementation may happen at a much slower rate than envisioned by Act 148 and by the DSM analysis.

like the precipitous drops in waste generation that occurred in 2008 – 2009 are not impacted by state solid waste management programs, but instead by factors external to these programs. This is most likely the case in Vermont as well, and could impact the best estimates of service fee revenues based on DSM’s projections associated with implementation of Act 148. For these reasons, all forecasts (estimates) of revenues raised provided in this report should be viewed within a likely range of plus or minus 20 to 25 percent.

## OTHER STATE SOLID WASTE SERVICE FEES

Two States, Minnesota and Washington, have service fees on solid waste management services. Minnesota adopted a generator based Solid Waste Management Tax in 1997 that is applied to the total sales price of transport and/or collection services for trash (but not to recyclables and separated organics collection service). Washington’s Solid Waste Collection Tax (formerly the “refuse tax”) also falls on the generator and is applied to the sales price of transport and/or collection service for trash only.

Table 1 compares the solid waste service fees in the two states. As illustrated by Table 1 the service fee is relatively large in Minnesota ranging from 9.75 to 17 percent for residential and non-residential waste respectively; but is much lower in Washington at 3.6 percent. Dividing the total raised by the population results in an annual fee of \$17.21/capita in Minnesota and \$5.28 per capita in Washington. This can be compared to the Vermont franchise tax which raised \$3,528,776 in 2014 (see below), or \$5.63 per capita, which is very similar to the Washington fee.

**TABLE 1 – Comparison of Minnesota and Washington Solid Waste Taxes**

	Minnesota	Washington
Population	5,457,173	7,061,530
Tax Applied:		
<i>Residential MSW</i>	9.75%	3.6%
<i>Nonresidential MSW</i>	17%	3.6%
<i>Self hauler</i>	17%	3.6%
<i>Non MSW</i>	60 cents / Cubic yard	
2014 Estimated Revenues (in \$1,000's)	\$93,929	\$37,352
Use of Revenues	70% Env Fund, 30% General Fund	100% General Fund (2011 - 2015 only)

Minnesota has been able to retain the majority (roughly 70%) of the revenues raised from this tax for environmental purposes, which include funding the Minnesota Pollution Control Agency (MPCA) and waste reduction efforts. However, the State of Washington’s debt resulted in redirecting revenues from a Public Works Assistance Account to the General Fund. In 2016 this will change, with funds to be shared (50/50) between the General fund and an Education Legacy Fund through 2019, but based on discussions with Washington State officials, it is unlikely that the Public Works Assistance Account will receive any revenues until after FY19. In Minnesota, about 70 percent, or \$14 million, of the revenue collected goes into county government for waste reduction and implementation work, as well as to help fund MCPA activities so that permit application fees and license fees for facility certifications are covered by the fund.

While a full revenue history was not obtained, DSM understands that revenue from the service fee has gradually increased over time, with the exception of the recent recession. This is somewhat different from revenue that is raised from disposal tonnages only, which would be expected to decline under successful waste reduction and diversion strategies, although in both cases the fee is applied only to waste and not to recycling or organics meaning that as more waste is diverted, less revenue is raised.

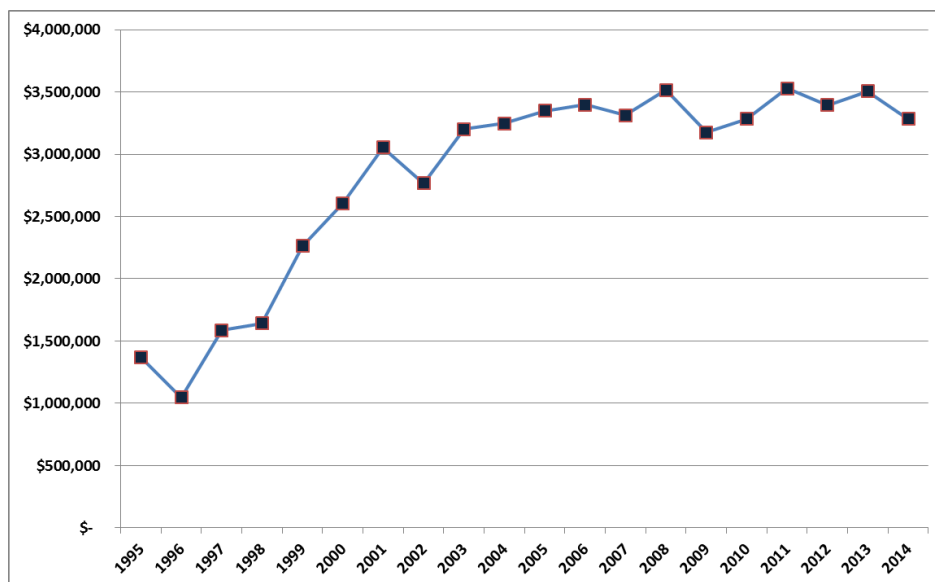
## ANALYSIS OF THE CURRENT FRANCHISE FEE AND DISTRICT SURCHARGES

### STATE FRANCHISE FEE

The State franchise fee (see 32 V.S.A. chapter 151, subchapter 13) of \$6 per ton is assessed on all solid waste disposed in Vermont at the point of disposal (by the waste disposal facility), and for waste leaving the state by the collection or transfer entity. Last year (Fiscal Year 2014), a total of \$3,281,698 was collected on an estimated 546,950 tons. In FY 2011, a total of \$3,528,776 was raised on an estimated 588,129 tons.<sup>3</sup>

The fee is assessed quarterly and due 30 days from the end of the quarter. Municipal entities receive a five percent discount. Waste facilities and commercial haulers self-report the quantity of solid waste they handle each quarter to the Tax Department. Figure 1 shows total revenues raised from FY 1995 – FY 2014.

**FIGURE 1 – SWMF REVENUES COLLECTED (FY 1996 – 2014)**



Detailed data on the franchise fees collected by disposal or collection entity and type of waste are not available, even though when the fee is paid a report is supposed to also be filed with ANR. Table 2 below provides a breakdown of solid waste disposed by material type for CY 2013 (the most recent year available) as reported to

<sup>3</sup> DSM received a copy of the total and monthly revenue data by Fiscal Year but did not receive any data on the breakdown of solid waste disposal tonnages actually assessed.

ANR directly through facility quarterly reports and should theoretically match the totals reported to the Tax Department (if adjusted from Calendar Year to Fiscal Year).<sup>4</sup> Table 2 shows that roughly 81 percent of revenues are raised on reported MSW generated in Vermont<sup>5</sup>, with the remainder raised through disposal of special wastes and C&D materials.

**TABLE 2 –**  
*Tons Disposed in Vermont and Out of State (OOS) by Vermont Generators for All Types of Solid Waste (CY 2013)*

Materials	VERMONT GENERATED			OOS GENERATED	TOTAL (tons)
	InState Disposal (tons)	OOS Disposal (tons)	Total (tons)	InState Disposal (tons)	
MSW	351,392	100,440	451,832	0	451,832
Sludge	2,542		2,542	8,021	10,563
Cont Soil	22,015		22,015	14,413	36,428
C&D	638	14,425	15,063	4,503	19,566
Other	67	1,283	1,350	15,222	16,572
Asbestos	7,860		7,860	11,220	19,080
Ash	754		754	991	1,745
Sewer Grit	523		523	8	531
Paper Sludge	67		67		67
Med Waste	309		309		309
<b>Total:</b>	<b>386,167</b>	<b>116,148</b>	<b>502,315</b>	<b>54,378</b>	<b>556,693</b>

One interesting observation from Table 2 is that eliminating the franchise fee would mean that waste generated out of state but disposed in-state (roughly 54,000 tons in CY 2013) would no longer be charged the fee. In addition, special wastes, other than MSW and C&D (roughly 33,500 tons in CY 2013) might need to have a disposal fee assessed if the franchise fee were replaced by the service fee; or roughly \$527,000 (rounded based on CY 2013 figures) would need to be made up by the new service fee from these other sources.

## DISTRICT SURCHARGES

About 75 percent of Vermont’s population reside in a municipality subject to a district franchise fee or surcharge that is also assessed on a per ton disposed basis. Because most solid waste is not disposed at a facility located in the district where it is generated, the fees are assessed on the collection entity delivering waste for disposal. In the case of drop-offs and transfer stations, the hauler or transporter of the roll-off pays the district fee.

<sup>4</sup> See the Agency of Natural Resources report “Figures and Tables from 2013 Vermont Diversion & Disposal Report”, March 2015.

<sup>5</sup> Note that some C&D is reported as MSW and may total an additional 45,000 tons (rounded) in 2013 (See *Table 5. Adjustment of MSW tonnage for estimated C&D component from 2013 Vermont Diversion and Disposal Report*). If this tonnage is subtracted from MSW, then Vermont generated MSW alone raised 73% of the total franchise fee, not 81%.

Table 3 shows the per ton fee assessed by each district (or municipality) and estimates the total monies raised annually. Note that the annual revenue estimates are based on tonnage data from the 2012 Act 148 report and have not been updated for 2015, while the surcharge rates are accurate as of April, 2015.<sup>6</sup>

**TABLE 3 - Franchise Fee/Solid Waste Disposal Surcharge by Vermont District/Planning Entity**

SW Planning Entity	Updated 2015 Surcharge (\$)	Estimated Disposal (1) (tons)	Estimated Revenues (2) (\$)
Chittenden SWD	\$27.00	126,500	\$3,415,500
Central Vermont SWMD	\$30.00	43,600	\$1,308,000
Rutland County SWD	\$17.97	32,200	\$578,634
Northwest Vermont SWMD	\$22.00	27,300	\$600,600
Northeast Kingdom WMD	\$23.25	22,300	\$518,475
Addison County SWM District	\$33.40	20,000	\$668,000
So. Windsor/Windham SWMD	\$7.00	26,000	\$182,000
Lamoille Regional SWMD	\$21.00	19,200	\$403,200
Greater Upper Valley SWMD	\$23.00	12,700	\$292,100
White River Alliance (3)	\$10.54	7,400	\$77,988
Town of Hartford	\$10.00	6,100	\$61,000
<b>Total:</b>		<b>343,300</b>	<b>\$8,105,497</b>

- (1) Tonnages are estimated based on 2011 data submitted by District for Act 148 Systems Analysis Report.
- (2) Total revenues are based on these estimated tonnages. Actual current year tonnages may be lower.
- (3) White River Alliance surcharge was not updated from 2011 data. All other surcharges have been updated.
- (4) Does not include per capita assessments which are estimated to raise another \$1,000,000 this year statewide for solid waste management and related improvements.

In most cases the district surcharge is paid by haulers through self-reporting the tons they handle. Weigh slips are supposed to be used by haulers to generate the totals they owe in each district based on the location where the hauler collects the waste. For example, if a hauler has a waste collection route in two adjacent towns (such as Hartford and Norwich), which are subject to two different surcharges, the hauler is expected to estimate the percent of the load in each town subject to the different fees and report accordingly. A single enforcement officer/waste auditor is shared by most districts to review hauler records and ensure fees paid reflect actual tonnages handled and disposed.

### OTHER SOLID WASTE FEES

Per capita assessments are also used in Vermont to raise monies for solid waste management programs. An estimated \$930,000 was raised in 2011 with assessments ranging from \$1 to \$43 per capita. These assessments are charged to roughly 32 percent of Vermont’s population residing in solid waste districts or towns that assess these fees. Note that these figures exclude some municipalities who operate a transfer station and use the general fund or other taxation methods to cover some of their solid waste management costs.

<sup>6</sup> All of the surcharges were updated for 2015 except for the White River Alliance.

## CURRENT FEE COLLECTION CHALLENGES

Haulers are licensed to operate in most of Vermont by the districts in which they operate; and in some cases, the municipality (such as Hartford which is not a member of a district). For most haulers license conditions under which they operate include paying the solid waste franchise fee/disposal surcharge on tons handled in the district towns in which they operate. If they do not make payments, their license to operate can be revoked or not renewed the following year. However in some cases it is in the public's best interest that they continue to operate in a region to ensure competition and so there is some allowance for late payments.

Haulers are also licensed at the State level through ANR, who issues five-year Waste Transportation Permits for hauling hazardous, solid, and residual wastes to or from any location in Vermont. Permits must be renewed on an annual basis by submitting an updated version of the vehicle report form and paying \$50 per operating vehicle. In the past, haulers operating vehicles of less than one ton were exempt, but with Act 148's S 108 resolution (2013 Legislative Session), even commercial haulers of solid waste operating vehicles that haul less than a ton will be required to obtain a license.

Construction waste is harder to track since large construction, demolition and renovation projects may be performed by out of state contractors who are not licensed to haul waste in Vermont. This waste may leave the state without paying the State franchise fee or the District surcharges.

In addition, small haulers who are not licensed at the State or district level, and that previously fell under the one ton exemption, may not be paying the franchise fees.

## NEW FEES

As shown in Tables 2 and 3 above, in some districts total fees on solid waste disposal are over \$30 per ton with the highest district approaching \$40 per ton. These fees are reflected in subscription or contract charges by haulers to their customers and/or by user fees at transfer stations and disposal facilities.

Using a service type fee to raise monies to implement Act 148 and cover statewide solid waste management infrastructure, universal recycling and enforcement functions may be a viable funding source given that additional investment is needed to support infrastructure development and that disposal quantities are expected to decline under Act 148. However, there could be some significant equity issues associated with layering this fee onto the existing district surcharges, given disparities among districts in current charges (see discussion below).

The Solid Waste Infrastructure Advisory Committee determined that approximately \$12 million would need to be raised to meet the proposed State share of infrastructure investments needed to implement Act 148, or roughly \$2 million each year over the next six years (or roughly 25% of the total estimated investment). In addition, if the franchise fee were eliminated, this revenue (\$3.3 million, rounded in FY 2014 but that peaked at \$3.53 million in FY 2011) would need to be made up. This means that roughly \$5.5 million would need to be raised by the new service fee.

DSM used the Act 148 analysis cost models to estimate how much the service fee would raise based on the estimated number of households served by different types of collection, the estimated tons of commercial waste collected by different methods, and the associated estimated costs/prices that would be subject to the fee. Using



2016 as the base year<sup>7</sup>, DSM developed high and low cost estimates of service costs for different types of service and then applied different fees on a percentage of total cost. DSM applied the same methodology to 2020 cost estimates to illustrate how revenues might change over time, and the role that a fee on organics collection and processing might play in raising funds for infrastructure development.

## RESIDENTIAL SERVICE FEES

For the residential sector, services include organized and subscription curbside collection and drop-off collection of refuse and recycling. In addition, curbside organics collection activities are expected to increase as well as the opportunity to drop off organics at drop-off facilities where trash and recycling are accepted under Act 148.

Although not clearly delineated in DSM's Act 148 model, some households living in multi-family dwelling are served by sharing refuse and in some cases recycling dumpsters. This service is the greatest in Chittenden County, but can also be found in just about every other county where density creates the opportunity for shared containers. In these cases residential waste is treated like commercial waste, typically serviced by a front end loader that also services commercial dumpsters from businesses and institutions, with the service fee therefore raised through commercial waste collection rather than residential waste collection. Fees for these residents are therefore estimated in Commercial Service Fee Section of this report.

The residential service fee would be assessed differently based on the type of service.

- **Organized curbside.**<sup>8</sup> When a municipality has a contract with a single hauler for refuse and/or recycling collection paid through property taxes the contractor would need to assess the fee on the municipality. Presumably, the fee would reflect the total cost of the contract. If the municipal contract required that the hauler charge each household for the service, then the fee would be assessed as part of the charge to the household. In the case of municipal crews performing the service, such as Burlington's curbside recycling program, the City of Burlington would need to pay the fee based, presumably, on the cost to operate the curbside program. This would probably require that Burlington file a detailed cost table with the Tax Department documenting what total costs (based on full cost accounting) were for the year.
- **Subscription curbside** is the residential collection service for the vast majority of Vermonters. In this case the licensed hauler would assess a service fee on each customer (household) and pay the Tax Department based on the total revenues collected from their residential customers. Because refuse and recycling must be bundled under Act 148, with recycling costs embedded in the total charge to the customer, the service fee would be a fee on the total charged to each customer. Special pickup services, such as bulky items and dropped roll-offs for cleanouts would also need to be charged the service fee (DSM's model does not include these special collections as there is no way to estimate how many or what the cost would be).
- **Drop-off collection.** It appears that the easiest way to charge service fees for drop-offs would be to charge in arrears. Drop-off facilities would increase user fees in advance by the service fee that they are expected

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<sup>7</sup> Because the 2015 Legislative Session is coming to a close, it is expected that the service fee, if implemented, would not be assessed until July 1, 2016, therefore 2016 was used as the base year for the analysis.

<sup>8</sup> The number of households assumed to be served through organized collection was not changed from the Final Report "Systems Analysis of the Impact of Act 148 on Solid Waste Management in Vermont".

to collect and pay. Payments due to the State would be based on the prior year’s (or quarter’s) revenues. To ease the administrative burden the service fee could be collected annually. Alternatively, the State could collect the fee quarterly based on the previous quarter charges. Most facilities set user fees based on the costs to operate the facility and under Act 148’s pay as you throw requirements, these fees may need to be adjusted. The service fee would be a percent increase on those user fees. For example at the Hartford Transfer Station users can pay using a scale or a punch card. At the time of enactment of the service fee by the State, Hartford would increase the user fee by the service fee percentage and then pay the service fee a year later (or a quarter later) based on scale weights and on punch card sales. The punch card’s cost would reflect the service fee increase just as it reflects district surcharges currently.

- Multi-family and condominiums who *share dumpsters* and containers are essentially the same as the commercial sector. Fees would be tracked based on the value of customer contracts with the service fee assessed on each monthly bill, and paid in arrears to the Tax Department by the hauler who services that complex, just as they assess and pay the fee for other subscription customers as well as any businesses that they serve.<sup>9</sup>

Tables 4A and 4B present estimated residential service fees for 2016 with a range of high and low costs based on an assumed 5 percent service fee. Tables 4C and 4D shows the potential residential service fees for 2020 with a range of high and low costs at 5 percent, as in 2016.<sup>10</sup> All cost estimates are rounded to the nearest dollar so totals may not appear to calculate exactly.

**TABLE 4A - Estimated Costs and Revenues Raised from a 5 Percent Service Fee on Residential Service in 2016 – HIGH END**

Service Type	Households	Collection Costs (\$)	Collection Cost/ Unit/ Year (\$)	Disposal / Processing		Service Fees Collected (\$)	Fee Per Household Per Year (\$)
				Cost Per Unit (\$)	Total Cost Per Unit Per Year		
<b>Bundled Cost (Refuse and Recycling)</b>							
Organized Curbside	36,900	\$7,835,100	\$212	\$53	\$265	5%	\$489,442
Subscription Curbside	137,300	\$57,265,542	\$417	\$53	\$470	5%	\$3,226,757
Drop-Off (Self-Haul)	95,700	\$8,985,024	\$94	\$53	\$147	5%	\$702,602
<b>Subtotal:</b>	<b>269,900</b>	<b>\$74,085,666</b>					<b>\$4,418,800</b>
<b>Organics Collection</b>							
Organized Curbside	2,583	\$313,404	\$121	\$14	\$136	5%	\$17,521
Subscription Curbside	9,611	\$2,186,503	\$228	\$14	\$242	5%	\$116,211
Drop-Off (Self-Haul)	9,570	\$193,381	\$20	\$14	\$35	5%	\$16,525
<b>Subtotal, Organics</b>	<b>21,764</b>	<b>\$2,693,287</b>					<b>\$150,257</b>
<b>Total, Residential</b>	<b>269,900</b>	<b>\$76,778,954</b>	<b>\$284</b>				<b>\$4,569,057</b>

<sup>9</sup> Vermont Census Data says 5% of households live in dwellings with 5-9 units and 5% in 10 or more unit dwellings. The Model created for the Systems Analysis of Act 148 estimated 269,900 total households in Vermont were served (which accounts for seasonal households) and while some percentage of these use dumpsters (and are included as commercial waste), many small businesses use cans and totes (and may be included in residential waste reporting). Note that some can and tote collection in the commercial waste collection estimates were accounted for but the model assumed that any residential waste collected in dumpsters would be offset by additional commercial waste collected and included in residential routes. Therefore we did not include estimates of residential waste collected in dumpsters in our cost estimates.

<sup>10</sup> DSM also estimated service fees at 3 percent, with the resulting range reflected in Tables 8A and 8B

**TABLE 4B - Estimated Costs and Revenues Raised from a 5 Percent Service Fee on Residential Service in 2016 – LOW END**

Service Type	Households	Costs	Collection Cost/ Unit/ Year (\$)	Disposal / Processing Cost Per Unit (\$)	Total Cost Per Unit Per Year	Service Fee	Fees Collected (\$)	Fee Per Household Per Year (\$)
<b>Bundled Cost (Refuse and Recycling)</b>								
Organized Curbside	36,900	\$6,659,835	\$180	\$53	\$233	5%	\$430,679	\$12
Subscription Curbside	137,300	\$48,675,710	\$355	\$53	\$407	5%	\$2,797,265	\$20
Drop-Off (Self-Haul)	95,700	\$7,637,271	\$80	\$53	\$133	5%	\$635,214	\$7
<b>Subtotal:</b>	269,900	\$62,972,816					\$3,863,158	\$14
<b>Organics Collection</b>								
Organized Curbside	2,583	\$266,393	\$103	\$0	\$103	5%	\$13,320	\$5
Subscription Curbside	9,611	\$1,858,527	\$193	\$0	\$193	5%	\$92,927	\$10
Drop-Off (Self-Haul)	9,570	\$164,374	\$17	\$0	\$17	5%	\$8,219	\$1
<b>Subtotal, Organics</b>	21,764	\$2,289,294					\$114,466	\$5
<b>Total, Residential</b>	269,900	\$65,262,111	\$242				\$3,977,623	\$15

**TABLE 4C - Estimated Costs and Revenues Raised from a 5 Percent Service Fee on Residential Service in 2020 – HIGH END**

Service Type	Households	Collection Costs (\$)	Collection Cost/Unit (\$)	Disposal / Processing Cost Per Unit (\$)	Total Cost Per Unit	Service Fee	Fees Collected (\$)	Fee Per Household Per Year (\$)
<b>Bundled Cost (Refuse and Recycling)</b>								
Organized Curbside	36,900	\$5,484,570	\$149	\$46	\$195	5%	\$359,820	\$10
Subscription Curbside	137,300	\$40,085,879	\$292	\$46	\$338	5%	\$2,322,769	\$17
Drop-Off (Self-Haul)	95,700	\$8,085,126	\$84	\$46	\$131	5%	\$626,238	\$7
<b>Subtotal:</b>	269,900	\$53,655,576					\$3,308,826	\$12
<b>Organics Collection</b>								
Organized Curbside	22,140	\$2,686,320	\$121	\$7	\$128	5%	\$141,844	\$6
Subscription Curbside	82,380	\$18,741,450	\$228	\$7	\$234	5%	\$965,083	\$12
Drop-Off (Self-Haul)	86,130	\$813,503	\$9	\$7	\$16	5%	\$69,960	\$1
<b>Subtotal, Organics</b>	190,650	\$22,241,273					\$1,176,887	\$6
<b>Total, Residential</b>	269,900	\$75,896,849	\$281				\$4,485,713	\$17

**TABLE 4D - Estimated Costs and Revenues Raised from a 5 Percent Service Fee on Residential Service in 2020 – LOW END**

Service Type	Households	Collection Costs (\$)	Collection Cost/Unit (\$)	Disposal / Processing Cost Per Unit (\$)	Total Cost Per Unit	Service Fee	Fees Collected (\$)	Fee Per Household Per Year (\$)
<b>Bundled Cost (Refuse and Recycling)</b>								
Organized Curbside	36,900	\$4,661,885	\$126	\$46	\$173	5%	\$318,686	\$9
Subscription Curbside	137,300	\$34,072,997	\$248	\$46	\$295	5%	\$2,022,125	\$15
Drop-Off (Self-Haul)	95,700	\$6,872,358	\$72	\$46	\$118	5%	\$565,599	\$6
<b>Subtotal:</b>	<b>269,900</b>	<b>\$45,607,239</b>					<b>\$2,906,410</b>	<b>\$11</b>
<b>Organics Collection</b>								
Organized Curbside	22,140	\$2,283,372	\$103	\$0	\$103	5%	\$114,169	\$5
Subscription Curbside	82,380	\$15,930,233	\$193	\$0	\$193	5%	\$796,512	\$10
Drop-Off (Self-Haul)	86,130	\$691,478	\$8	\$0	\$8	5%	\$34,574	\$0
<b>Subtotal, Organics</b>	<b>190,650</b>	<b>\$18,905,082</b>					<b>\$945,255</b>	<b>\$5</b>
<b>Total, Residential</b>	<b>269,900</b>	<b>\$64,512,321</b>	<b>\$239</b>				<b>\$3,851,664</b>	<b>\$14</b>

Lower costs would be expected in parts of Chittenden County where organized curbside is available (like Burlington and Westford) and where subscription collection density is higher. Higher costs would be expected in many rural areas where two trucks are used and/or low collection densities are common. This is especially the case for subscription recycling.

It is important to note in comparing 2016 to 2020 that the increase in total service fee revenue one would expect with the addition of the new service – organics collection – does not occur. This is because DSM assumed in the Act 148 Analysis that haulers would adopt more efficient collection practices with the need to add organics, especially the use of split trucks and every-other-week collection of refuse and recycling. Therefore, although more service fee revenue is raised for organics collection than in 2016, overall revenues do not change significantly because refuse and recycling collection costs are assumed to fall under full Act 148 implementation and the resulting achievement of collection efficiencies.

However, if Act 148 is not fully implemented and haulers fail to move toward more efficient collection systems then the addition of organics collection will lead to both higher costs for households and higher service fee revenues. In addition, if curbside recycling is not fully adopted in the year 2016 (as assumed in the model), then costs (and resulting service fee revenues) in 2016 would be lower. The model assumes an additional \$12 million in recycling costs in 2016 when the recycling portion of Act 148 is expected to be fully implemented.

Just as importantly, if districts and municipalities fail to implement organized collection over the next five years, and the related efficiencies do not occur, average residential refuse and recycling costs will be higher than assumed in the model, especially once residential organics collection is required to begin. This will have the added impact of reducing organics diversion as households choose not to purchase organics collection because of the high cost.

Finally, Table 5 shows the average cost imposed on each household through the current franchise fee in 2014, and in 2016 and 2020 under Act 148 implementation. This assumed no change in the number of households served by each collection method.

**TABLE 5 - Estimated Current and Future Costs per Household under Current Franchise Fee of \$6 per Ton Disposed In Years 2014, 2016 and 2020**

Year	Residential Tons (From Systems Analysis)		Residential	Total	Average Fee Per
		Fee \$ ton	Total Fees	Households	Household (\$)
2014	229,548	\$6	\$1,377,288	269,900	\$5.10
2016	223,287	\$6	\$1,339,722	269,900	\$4.96
2020	195,640	\$6	\$1,173,840	269,900	\$4.35

### COMMERCIAL SERVICE FEES

Commercial and institutional (C&I) solid waste and recycling collection is carried out by private haulers throughout the State. Licensing is the same whether the private hauler collects residential or C&I waste, as are the district surcharges and the state franchise fee. However the number of haulers that collect C&I waste are much fewer than those that collect residential waste, with the exception of C&I waste that is generated by very small businesses and institutions who set it out just as households do.

While drop-offs and transfer stations provide access to businesses to deliver their own waste, most businesses find private haulers more cost-effective. DSM developed relatively detailed data on commercial (C&I) refuse and recycling collection in CSWD during a 2011 study and used these data to extrapolate how commercial collection might be performed in the rest of the State, taking into account differences in economic activity and access to single-stream recycling. These data were used for the Act 148 analysis of commercial collection activity and costs. Tables 6A and 6B outline these estimates of total C&I waste and recyclables assumed to be collected by different collection methods in 2016 and 2020. These methods are:

- Dumpster Service – MSW and single stream recyclables collected loose in 2 – 12 cubic yard containers (dumpsters);
- Roll-off Service - MSW and single stream recyclables collected loose or compacted (generally in 30 – 40 cubic yard containers) in roll-off containers;
- Rear Load Service – MSW or single stream recyclables collected at the curbside using totes, or in some cases cans or bins; and,
- Drop-off Service – MSW and single stream recyclables delivered directly to transfer stations and drop-offs by the business or organization.

Tables 6A and 6B use tonnage by collection method to estimate total costs by service type in 2016 and later on in 2020 as Act 148 is more fully implemented. High and low estimates for commercial waste are not shown as DSM does not represent that these prices are representative of the industry since a full statewide pricing study was not performed.

**TABLE 6A - Estimated Costs and Revenues Raised from a 5 Percent Service Fee on Commercial Service in 2016**

COMMERCIAL	Tons Collected	Estimated Cost (\$)	Collection Per Ton (\$)	Disposal/ Processing Per Ton (\$)	Total (\$)	Service Fee	Fees Collected (\$)
<b>Refuse Collection</b>							
Dumpster Service	94,453	\$11,145,477	\$118	\$64	\$182	5%	\$859,524
Roll-Off Service	24,596	\$737,889	\$30	\$64	\$94	5%	\$115,603
Rear Load Service	13,804	\$4,141,216	\$300	\$64	\$364	5%	\$251,234
Drop-off Service	5,522	\$414,122	\$75	\$64	\$139	5%	\$38,375
<b>Subtotal:</b>	<b>138,375</b>	<b>\$16,438,704</b>					<b>\$1,264,736</b>
<b>Recycling Collection</b>							
Dumpster Service	28,374	\$2,371,477	\$84	\$0	\$84	5%	\$118,574
Roll-Off Service	1,255	\$50,219	\$40	\$0	\$40	5%	\$2,511
Rear Load Service	19,962	\$3,412,724	\$171	\$0	\$171	5%	\$170,636
Drop-off Service	2,009	\$273,191	\$136	\$0	\$136	5%	\$13,660
<b>Subtotal:</b>	<b>51,600</b>	<b>\$6,107,611</b>					<b>\$305,381</b>
<b>Organics Collection</b>							
Dumpster Service	4,937	\$740,571	\$150	\$40	\$190	5%	\$46,903
Roll-Off Service	4,937	\$148,114	\$30	\$40	\$70	5%	\$17,280
Rear Load Service	9,874	\$1,974,856	\$200	\$40	\$240	5%	\$118,491
<b>Subtotal:</b>	<b>19,749</b>	<b>\$2,863,542</b>					<b>\$182,674</b>
<b>Subtotal, Commercial:</b>		<b>\$25,409,857</b>					<b>\$1,752,791</b>

**TABLE 6B - Estimated Costs and Revenues Raised from a 5 Percent Service Fee on Commercial Service in 2020**

COMMERCIAL	Tons Collected	Estimated Cost (\$)	Collection Per Ton (\$)	Disposal/ Processing Per Ton (\$)	Total (\$)	Service Fee	Fees Collected (\$)
<b>Refuse Collection</b>							
Dumpster Service	91,668	\$10,816,774	\$118	\$64	\$182	5%	\$834,175
Roll-Off Service	23,871	\$716,128	\$30	\$64	\$94	5%	\$112,193
Rear Load Service	13,397	\$4,019,083	\$300	\$64	\$364	5%	\$243,824
Drop-off Service	5,359	\$401,908	\$75	\$64	\$139	5%	\$37,244
<b>Subtotal:</b>	<b>134,294</b>	<b>\$15,953,893</b>					<b>\$1,227,436</b>
<b>Recycling Collection</b>							
Dumpster Service	28,374	\$2,371,477	\$84	\$0	\$84	5%	\$118,574
Roll-Off Service	1,255	\$50,219	\$40	\$0	\$40	5%	\$2,511
Rear Load Service	19,962	\$3,412,724	\$171	\$0	\$171	5%	\$170,636
Drop-off Service	2,009	\$273,191	\$136	\$0	\$136	5%	\$13,660
<b>Subtotal:</b>	<b>51,600</b>	<b>\$6,107,611</b>					<b>\$305,381</b>
<b>Organics Collection</b>							
Dumpster Service	5,781	\$867,218	\$150	\$40	\$190	5%	\$54,924
Roll-Off Service	5,781	\$173,444	\$30	\$40	\$70	5%	\$20,235
Rear Load Service	11,563	\$2,312,581	\$200	\$40	\$240	5%	\$138,755
<b>Subtotal:</b>	<b>23,126</b>	<b>\$3,353,243</b>					<b>\$213,914</b>
<b>Subtotal, Commercial:</b>		<b>\$25,414,746</b>					<b>\$1,746,730</b>

## FEES ON CONSTRUCTION AND DEMOLITION WASTE

There is much less certainty about the amount of C&D waste generated in Vermont when compared to residential and C&I waste, and what the charges are for collection. The CY 2013 Disposal Report produced by VT ANR (the most recent year available) indicates that roughly 15,000 tons of C&D waste were generated in Vermont that year. In addition, roughly 4,500 tons were generated out of state but disposed in Vermont. Finally, ANR uses DSM’s waste composition study results and applies an average percent of C&D found in residential and commercial waste (12.85 percent) to all MSW and estimates another 58,000 tons of C&D waste may be generated that is classified as MSW.

Adding these Vermont generated C&D estimates for CY 2013 totals 73,000 tons of C&D waste generation in Vermont.

C&D waste is typically collected loose in 15 - 40 yard roll-off boxes. Collection costs vary based on the distance to a transfer station or disposal (or processing) site and the size of the box hauled. A container rental is included in that cost. Because box rental and collection is often a one-time arrangement for a job, the per ton costs are typically higher than for commercial waste where a long term contract may be in place and the boxes used are typically 30 – 40 yards in all cases.

DSM did not research C&D waste collection costs in Vermont and so the estimates shown in Table 7 below are DSM’s best professional judgment - for illustration purposes only, or to point out that C&D waste is also an important piece for service fee collection, and that as more C&D shifts to processing from disposal these fees will still need to be collected.

**TABLE 7 -**

*Illustration of Potential Revenues Raised from a 5 Percent Service Fee on C&D Wastes Generated in Vermont*

Service Type	Tons Collected	Collection Per Ton (\$)	Estimated Cost (\$)	Disposal/ Processing Per Ton (\$)	Total (\$)	Service Fee	Fees Collected (\$)
<b>Roll-off Service</b>	73,000	\$50	\$3,650,000	\$64	\$114	5%	\$416,100

## TOTAL RAISED ON NEW FEE

Tables 8A and 8B illustrate what might be raised on residential and commercial waste if a five percent or a three percent service fee respectively were imposed on all collection entities in 2016 and 2020. As illustrated by Tables 8A and 8B a five percent service fee raises somewhat more than the \$5 million per year estimated to be necessary (depending on the cost assumptions), while the three percent service fee only raises between \$3.7 and \$4.1 million, which is insufficient to fund \$2 million annually over and above that estimated to be raised by the existing franchise fee in those years (bottom rows of each table).

On a per household basis, the residential service fee is estimated to cost an average of \$14 - \$17 on an annual basis at five percent, and \$9 - \$10 at three percent. The lower per household cost estimate reflects 2020 figures, where costs are expected to fall due to collection efficiencies.<sup>11</sup> As discussed above, if these efficiencies do not occur, then lower fees will not occur. This compares against current average per household estimated costs from the franchise fee of \$5.10 (for 2014) and future estimated franchise fees at per household costs of \$4.96 and \$4.35 (rounded) in 2016 and 2020 respectively, as shown in Table 5.

In reviewing Tables 8A and 8B it is important to keep in mind (as discussed in the introduction to this report) that total revenues raised by either a new service fee or the existing franchise fee are contingent upon the new services being offered in 2016 and 2020 as envisioned under Act 148, as well as the rate of implementation of Act 148, and factors external to Act 148. These factors could mean a range in estimated franchise fee revenues from a high of as much as \$3.5 million to a low of \$2.5 million, which is a million off of the peak of the \$3.5 million raised in FY 2008, FY 2011 and FY 2013 from the existing franchise fee.

**TABLE 8A - Estimated Revenues Raised from a 5 Percent Service Fee on Residential and Commercial Waste in 2016 and 2020**

SECTOR	2016		2020	
	High (\$)	Low (\$)	High (\$)	Low (\$)
<b>Residential</b>				
Refuse and Recycling	\$4,418,800	\$3,863,158	\$3,308,826	\$2,906,410
Organics Collection	\$150,257	\$114,466	\$1,176,887	\$945,255
<b>Subtotal:</b>	\$4,569,057	\$3,977,623	\$4,485,713	\$3,851,664
<b>Commercial</b>				
Refuse Collection	\$1,264,736	\$1,264,736	\$1,227,436	\$1,227,436
Recycling Collection	\$305,381	\$305,381	\$305,381	\$305,381
Organics Collection	\$182,674	\$182,674	\$213,914	\$213,914
<b>Subtotal:</b>	\$1,752,791	\$1,752,791	\$1,746,730	\$1,746,730
<b>C&amp;D Waste</b>	\$416,100	\$416,100	\$416,100	\$416,100
<b>Total:</b>	<b>\$6,737,947</b>	<b>\$6,146,514</b>	<b>\$6,648,544</b>	<b>\$6,014,495</b>
<b>Estimated Franchise Fee</b>	\$3,183,788	\$3,183,788	\$2,823,559	\$2,823,559
<b>Difference:</b>	<b>\$3,554,160</b>	<b>\$2,962,726</b>	<b>\$3,824,984</b>	<b>\$3,190,936</b>

<sup>11</sup> Note that both 2016 and 2020 costs are shown in current dollars and do not account for inflation.



**TABLE 8B - Estimated Revenues Raised from a 3 Percent Service Fee on Residential and Commercial Waste in 2016 and 2020**

SECTOR	2016		2020	
	High (\$)	Low (\$)	High (\$)	Low (\$)
<b>Residential</b>				
Refuse and Recycling	\$2,651,280	\$2,317,895	\$1,985,296	\$1,743,846
Organics Collection	\$90,154	\$68,679	\$706,132	\$567,153
<b>Subtotal:</b>	<b>\$2,741,434</b>	<b>\$2,386,574</b>	<b>\$2,691,428</b>	<b>\$2,310,999</b>
<b>Commercial</b>				
Refuse Collection	\$758,841	\$758,841	\$736,462	\$736,462
Recycling Collection	\$183,228	\$183,228	\$183,228	\$183,228
Organics Collection	\$109,605	\$109,605	\$128,348	\$128,348
<b>Subtotal:</b>	<b>\$1,051,674</b>	<b>\$1,051,674</b>	<b>\$1,048,038</b>	<b>\$1,048,038</b>
<b>C&amp;D Waste</b>	<b>\$249,660</b>	<b>\$249,660</b>	<b>\$249,660</b>	<b>\$249,660</b>
<b>Total:</b>	<b>\$4,042,768</b>	<b>\$3,687,908</b>	<b>\$3,989,126</b>	<b>\$3,608,697</b>
<b>Estimated Franchise Fee</b>	<b>\$3,183,788</b>	<b>\$3,183,788</b>	<b>\$2,823,559</b>	<b>\$2,823,559</b>
<b>Difference:</b>	<b>\$858,981</b>	<b>\$504,120</b>	<b>\$1,165,567</b>	<b>\$785,138</b>

## POTENTIAL CHALLENGES

DSM has identified several issues that would need to be addressed if the State were to move forward with the service fee concept.

### DISTRICT SURCHARGES

This is potentially a difficult issue to resolve and comes with equity concerns. As Table 1 illustrates, there are large differences in surcharges among districts. Districts with the highest surcharges have typically been the ones that have invested the most to date in improving recycling and organics infrastructure, and typically (although not always) have the highest current diversion rates.

If the proposed service fee is assessed against total costs (which include district surcharges) then the districts with the highest surcharges would pay the highest service fees, while the bulk of the infrastructure funds would need to be expended in the areas of the State which have made the smallest past investments, and paid the lowest (or no) surcharge.

Alternatively, if the district surcharges were to be eliminated, then the service fee would have to be significantly higher to make up the difference, and there would be uncertainty as to how the service fee revenue could be used to cover operating costs, as part of the district surcharges now do.

Table 9 illustrates what the service fee raises on district surcharges. It also illustrates the impact on a per ton basis in each district.

**TABLE 9 -**  
*Illustration of Potential Service Fees Raised on Solid Waste District Surcharges*

DISTRICT	Population (1)	Households (1)	Estimated Revenues (2) (\$)	Service Fee Raised on Surcharge Alone (3) (\$)	Per Ton Impact (4) (\$)
Chittenden SWD	158,681	62,709	\$3,415,500	\$170,775	\$1.35
Central Vermont SWMD	51,522	20,609	\$1,308,000	\$65,400	\$1.50
Rutland County SWD	47,005	19,675	\$578,634	\$28,932	\$0.90
Northwest Vermont SWMD	46,668	15,000	\$600,600	\$30,030	\$1.10
Northeast Kingdom WMD	46,421	17,854	\$518,475	\$25,924	\$1.16
Windham SWMD	37,451	14,980	0	\$0	\$0.00
Addison County SWM District	31,170	12,495	\$668,000	\$33,400	\$1.67
So. Windsor/Windham SWMD	31,030	17,837	\$182,000	\$9,100	\$0.35
Lamoille Regional SWMD	28,000	10,000	\$403,200	\$20,160	\$1.05
Greater Upper Valley SWMD	18,386	8,904	\$292,100	\$14,605	\$1.15
Bennington RPC	17,939	7,748			
Solid Waste Alliance Communities	13,817	5,400			
Mad River RMA	13,047	5,325			
White River Alliance	8,400	3,360	\$77,988	\$3,899	\$0.53
Tri-town Agreement	7,000	2,800			
Londonderry Group	4,200	1,680			
Town of Hartford	10,000	4,500	\$61,000	\$3,050	\$0.50
<b>Subtotal:</b>	<b>570,737</b>	<b>230,876</b>	<b>\$8,105,497</b>	<b>\$405,275</b>	

(1) District population and households figures taken from 2012 Systems Analysis Report.

(2) Revenues collected from District Surcharges as shown in Table 3.

(3) Revenues are multiplied by a 5 percent service fee.

(4) Service Fees raised are then divided by the total tons subject to the District surcharge (see Table 3 for tons).

## TRANSFER STATIONS AND DROP-OFFS

As discussed above, drop-off facilities, which are mostly publically owned, will need to adjust prices up to reflect the service fee. Because most drop-off charges are prepaid (through punch cards or stickers), these charges would need to reflect the service fees.<sup>12</sup> More importantly, the full cost of operating each facility would have to be fully reflected in the user fees charged so that the service fee applied raises the revenue estimated. For example, if operating costs continue to be subsidized in the general fund budget, and the user fees reflect only a portion of

<sup>12</sup> DSM reviewed this with Washington State DOR official and while they had no knowledge of how the transfer stations are operating under the system they indicated that they build the fee into their prices which are reflected in every transaction. Because Washington law regulates solid waste as a utility, fees charged are more transparent and more likely to utilize full cost accounting for all public solid waste collection operators.

the total cost, excluding perhaps the recycling costs, lower service fees will be raised and paid, which will be unfair to private subscription haulers and customers.

## IMPACT OF UNIT BASED PRICING ON FEE COLLECTION

Depending on how unit based pricing is implemented by different haulers, and how revenues from the pricing are collected, it may be more difficult to track whether service fees are collected on these unit based fees. For example, if different charges occur month by month depending on the number of bags or cans collected per household subscriber, the hauler may have a more difficult time estimating and collecting the fee. While showing a simple 5 percent service fee on the bill may be the most straightforward way to collect the fee, some fast trash operators that charge per bag each collection day and handle cash, may now need to also need to separately charge for the service fee, and create receipts to ensure all revenues collected are reflected in their bookkeeping and can be audited.

## IMPACT ON SMALL HAULERS

Unlike the franchise fee, which falls on the disposal facility or collection (or transfer) entity, the service fee will fall on many more entities. Small haulers, some that have no employees and spend long hours driving their routes, will have to account for the service fee and pay this new quarterly or annual fee. In addition, the Tax Department will have to track and potentially follow up with these small businesses for lack of or late payments.

There is likely to be some fraud that occurs as a result. This may be partially due to tracking challenges, but also due, in part to the small businesses inability to change their rates to reflect these added fees. This is most likely to occur in the first year of service fee collection, but also may continue as haulers enter and exit the marketplace.

## ADDRESSING POTENTIAL CHALLENGES

### DISTRICT SURCHARGES

One option is to create exemptions for the District surcharges. Haulers would need to itemize charges for any non-taxable services such as the District surcharges and separate them either on the customer bill, or on their quarterly return to the Tax Department (assuming the service fee is paid on a quarterly basis as is the Franchise Fee).

Assuming the estimates in Table 4 are correct this would reduce the amount collected by roughly \$400,000. This would also impose an additional burden on haulers.

Alternatively, separate district surcharges could be eliminated and the service fee increased to raise the revenues that current district surcharges raise. To be equitable, this would require a state-wide service fee based on some agreed upon average district surcharge. This would obviously raise more money in some districts that currently have very low surcharges, and less money in some districts with relatively high surcharges.

Finally District surcharges could be set at a level rate statewide so that each district was required to collect, for example \$15 per ton and after that could raise additional monies by per capita assessments. This would enable Districts with very low or no surcharges to raise money locally for solid waste management improvements.

In total, \$13.5 million must be raised to cover existing program fees (franchise fee of \$3.5 million plus estimated district surcharges raising \$8 million) in addition to the estimated \$2 million needed to invest in new infrastructure under Act 148.

### DROP-OFF FEES

It is DSM's opinion that it would be necessary for the State to prepare a guidance document that stipulated that all municipalities paying the fee submit their costs annually using full cost accounting principles. This would level the playing field and assure maximum revenues, but would be a burden on many municipalities, especially in the first several years as municipalities adjusted to the requirement.

## APPENDIX A

### Title 32: Taxation And Finance, Chapter 151: Income Taxes Subchapter 013: Franchise Tax on Waste Facilities

#### § 5951. Definitions; general provisions

(a) As used in this subchapter, all terms defined in 10 V.S.A. § 6602 shall have the same meaning that they have for purposes of 10 V.S.A. chapter 159.

(b) To the extent that they are not in conflict with the provisions of this section, the provisions of subchapters 1, 6, 7, 8, 9, and 10 of this chapter shall apply to the tax imposed by this subchapter. (Added 1987, No. 78, § 17.)

#### § 5952. Imposition of tax

(a)(1) A tax is imposed for each calendar quarter or part thereof upon the franchise or privilege of doing business of every person required by 10 V.S.A. chapter 159 to obtain certification for a facility. The tax shall be imposed in the amount of \$6.00 per ton of waste delivered for disposal or incineration at the facility, regardless of the amount charged by the operator to recoup its expenses of operation, including the expense of this tax.

(2) The tax shall be similarly imposed on waste delivered to a transfer facility for shipment to an incinerator or other treatment facility or disposal facility that is located outside the State. However, if the transfer station is located within a district which is authorized by an interstate compact to enter into cooperative agreements with a district in another state, the tax shall only be imposed if the treatment or disposal facility is located outside the State and also outside the cooperating district in another state. For purposes of this determination, a treatment or disposal facility may be considered to be located within a district only if that district existed before July 1, 1987.

(3) The tax shall be similarly imposed on waste shipped to an incinerator or other treatment facility or disposal facility that is located outside the State, without having been delivered to a transfer station located in this State. In this situation, the tax is imposed for each calendar quarter or part thereof upon the franchise or privilege of doing business of every person regulated under 10 V.S.A. § 6607a as a commercial hauler of solid waste. This tax shall not be imposed on waste exempt under subdivision (2) of this subsection.

(b) The tax imposed by this section shall be in addition to any other taxes imposed on the taxpayer.

(c) If a return required by this chapter is not filed, or if a return, when filed, is incorrect or insufficient, the Commissioner shall determine the amount of tax due from any information available. If adequate information is not available to determine the tax otherwise due under this section, the Commissioner may assess a tax at the rate of \$3.50 per year per person served by the facility. The number of persons served by a facility shall be determined by the Commissioner based upon any available information and with regard given to seasonal and recreational use.

(d) Every person required to pay the tax imposed by this subchapter shall use a weight scale that accurately gauges the weight of the waste and shall keep accurate contemporaneous records of the volume or weight of all waste delivered for disposal; provided, however, that a landfill receiving less than 1,000 tons of municipal solid waste per year which does not have scales which accurately gauge the weight of the waste may compute weight indirectly from volume using accurate records of the volume of waste delivered for disposal and a conversion rate approved by the Commissioner. The taxpayer's records relating to imposition of the tax imposed by this subchapter shall be available for inspection or examination at any time upon demand by the Commissioner of Taxes or the Secretary of Natural Resources, their duly authorized agents or employees and shall be preserved for a period of three years. (Added 1987, No. 78, § 17; amended 1987, No. 246 (Adj. Sess.), § 5, eff. June 13, 1988; 1987, No. 278 (Adj. Sess.),

§§ 7, 8, eff. June 21, 1988; 1989, No. 218 (Adj. Sess.), § 5; 1993, No. 81, § 6; 1995, No. 186 (Adj. Sess.), § 21; 2005, No. 94 (Adj. Sess.), § 6, eff. March 8, 2006.)

### § 5953. Exemptions

The following shall not be subject to the tax imposed by section 5952 of this title:

- (1) wastes delivered to a recycling or composting facility and accepted by the facility for recycling or composting but not wastes generated by that facility;
- (2) septage or sludge delivered to a facility other than a landfill or incinerator;
- (3) hazardous wastes subject to the tax imposed under 32 V.S.A. chapter 237;
- (4) solid waste delivered to a facility certified pursuant to 10 V.S.A. § 6605c;
- (5) roadside wastes delivered to a landfill when the landfill operator certifies that he or she has accepted those wastes without fee on a duly designated green-up day, or the business day immediately following;
- (6) waste delivered to a transfer station for transfer to a disposal facility located inside the State and waste delivered to a facility for storage as defined in 10 V.S.A. § 6602(7);
- (7) solid waste resulting from mining, extraction, or mineral processing operations delivered to a facility certified solely for the treatment, storage, recycling, or disposal of such waste. (Added 1987, No. 78, § 17; amended 1987, No. 139 (Adj. Sess.), eff. April 8, 1988; 1987, No. 278 (Adj. Sess.), §§ 9, 10, eff. June 21, 1988; 1995, No. 186 (Adj. Sess.), § 22; 2005, No. 65, § 4.)

### § 5954. Filing of return and payment of tax

- (a) Every person required to pay this tax shall on or before the 30th day of the month following each calendar quarter, file a return with the Commissioner of Taxes and pay the amount of tax due.
- (b) Copies of this return shall be filed with the Secretary of Natural Resources at the same time, or as otherwise required by the Secretary. Information filed with the Secretary under this section shall be a public record and made available by the Agency in accordance with the provisions of 1 V.S.A. chapter 5 without being subject to the exception created by 1 V.S.A. § 317(c)(6). (Added 1987, No. 78, § 17; amended 1995, No. 186 (Adj. Sess.), § 23, eff. May 22, 1996.)