



State Financial Assistance to Local Governments for Public Recycling Programs

NCGFOA 2012 Summer Conference, July 17, 2012

Rob Taylor, Local Government Team
NC Division of Environmental Assistance and Outreach




Presentation Outline

- ▶ Brief introduction of DEAO
 - ▶ News about solid waste and recycling services
 - ▶ State financial support and associated requirements
 - ▶ Best Management Practices and suggestions for solid waste and recycling system finances
- 

DEAO?

Division of Environmental Assistance and Outreach

- ▶ Non-regulatory division of DENR
 - ▶ Provide information and technical assistance to citizens, businesses and local governments
 - Facilitate understanding of environmental permitting and compliance in NC
 - Encourage the adoption of sound environmental practices
 - Operate recognition programs for industries
 - Act as State's Recycling Program
- 



Solid Waste and Recycling Services Cost Money





Modern Waste / Recycling Collection Vehicle: \$250,000



Curbside Recycling: ~\$2.00 to \$4.00 per household per month



Drop-off Recycling costs range widely depending on details, for example:
 Town of Vass = \$463/yr
 vs.
 Wake County = ~\$3.2 million/yr

Range of Recycling Services

- ▶ Evolving understanding of “waste” is resulting in the need and demand for a broad range of recycling services:
 - Curbside Recycling,
 - Drop-off Recycling,
 - Multifamily and Commercial Recycling,
 - Recycling at Government Facilities and Special Events, and
 - Programs to manage “special wastes” such as electronics, household hazardous wastes (HHW), oil, oil filters, fluorescent lights.....


Successful Recycling Programs...

- ▶ Satisfy citizen demand for services,
- ▶ Require financial investment,
- ▶ Seek to deliver highest value for least cost,
- ▶ Require promotion and maintenance to stay successful,

–and–

- ▶ Return savings to other parts of the local budget:
 - Reduce cost of waste collection and disposal,
 - Extend landfill life and defer need to invest in additional landfill capacity.


State Resources for Solid Waste Programs

- ▶ Scrap Tire Tax Distributions and Grants
 - ▶ White Goods Tax Distributions and Grants
 - ▶ Solid Waste Disposal Tax Distributions
 - ▶ Electronics Management Program Funds
 - ▶ Grants from DEAO
 - Community Waste Reduction and Recycling Grants
 - Recycling Roll-out Cart Grants
 - Abandoned Manufactured Home Grants
 - ▶ Each funding source has associated rules and requirements
- 

Scrap Tire Program



Scrap Tire Program

- ▶ Law imposes requirements on counties and provides funds to meet requirements
 - ▶ Whole scrap tires are banned from landfill disposal
 - ▶ Counties are obligated to operate at least one scrap tire collection center
- 

Scrap Tire Funds

- ▶ Source of Funds: Scrap Tire Disposal Tax
 - 2% privilege tax on tires <20 inches
 - 1% privilege tax on tires >20 inches
- ▶ 70% of Scrap Tire Disposal Tax revenues distributed to counties on a per-capita basis
- ▶ 17% to State Scrap Tire Disposal Account
 - Tire clean up – illegal dumps and nuisance tires
 - Scrap Tire market development
 - Cost-overrun grants to counties
- ▶ 8% to Solid Waste Management Trust Fund
- ▶ 2.5% to Inactive Hazardous Sites Cleanup Fund and 2.5% to Bernard Allen Memorial Emergency Drinking Water Fund


Requirements on the Use of Scrap Tire Funds

- ▶ § 130A-309.54 – says that a county may only use scrap tire tax proceeds for the disposal of scrap tires or for the abatement of nuisance tires


White Goods Program




White Goods Program

- ▶ Law imposes requirements on counties and provides funds to meet requirements
 - ▶ White Goods are banned from disposal
 - ▶ Counties must provide at least one site for the free collection of white goods and provide for the removal of CFCs
- 

White Goods Funds

- ▶ Source of Funds: White Goods Disposal Tax
 - Essentially an Advanced Recycling Fee (ARF)
 - \$3.00 per unit flat rate privilege tax imposed on the sale of each new white good
 - ▶ 72% of tax proceeds distributed to counties on a per-capita basis
 - ▶ 20% to White Goods Management Account
 - Grants to local governments for managing white goods
 - ▶ 8% to Solid Waste Trust Fund
- 

Requirements / Use of White Goods Funds

- ▶ § 130A-309.82 – says that a county must use the proceeds of the white goods tax for the management of discarded white goods
 - ▶ Types of approved uses:
 - Capital improvements directly related to the management of white goods
 - Operational costs for managing white goods
 - Cleanup of illegal white goods disposal sites
- 


White Goods Requirements Cont.

- ▶ Counties must account for the use of funds
- ▶ Report on White Goods Program in Annual Financial Information Report (AFIR)
- ▶ Submit copy of White Goods portion of AFIR to DENR DWM Solid Waste Section
 - Failure to report = loss of eligibility
 - If undesignated ending balance (line 223B of AFIR) is $> 25\%$ of tax proceeds for FY = loss of eligibility
- ▶ Moral of the Story: use and account for funds (properly) or lose them


Solid Waste Disposal Tax



Solid Waste Disposal Tax

- ▶ Implemented on July 1, 2008
 - ▶ Source of Funds: \$2/ton tax imposed on the disposal of municipal solid waste in NC landfills and on the transfer of waste outside of the state for disposal
 - ▶ 37.5% distributed directly to counties and cities
 - ▶ 12.5 % to Solid Waste Trust Fund
 - ▶ 50% to the Inactive Hazardous Sites Cleanup Fund
- 

Use of Solid Waste Disposal Tax Funds

- ▶ § 105-187.63 part 2 – solid waste disposal tax proceeds received by cities and counties must be used “solely for solid waste management programs and services.”
 - ▶ Suggest using disposal tax funds to invest in recycling programs that decrease waste disposal
- 

Tax Distribution: Schedule and Amounts

- ▶ Distribution of Scrap Tire, White Goods and Solid Waste Disposal Tax proceeds happens on a quarterly basis
- ▶ Reports on distribution amounts can be found Department of Revenue Web Site:

<http://www.dor.state.nc.us/publications/reimbursement.html>



Sample from Report on Solid Waste Disposal Tax

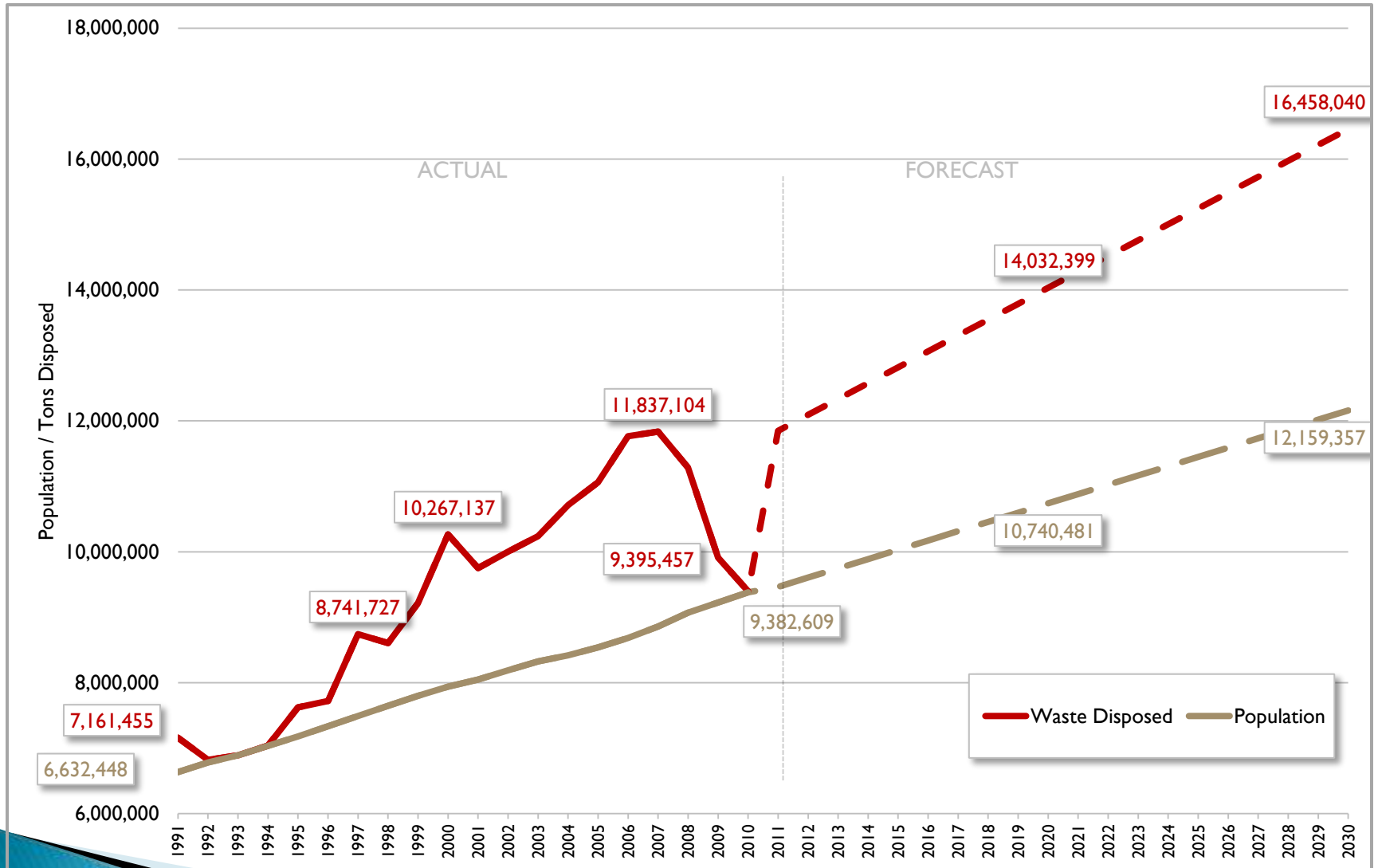
Quarter Ending March 31, 2012

Solid Waste Disposal Tax Distribution

Cities & Counties		Populations		City Percentage of Population	County Percentage of Population	City Distribution	County Distribution
Alamance County		58,392			1.36121%		\$ 12,050.62
	Alamance	955		0.01858%		\$ 164.49	
	Burlington	50,475		0.98182%		\$ 8,691.93	
	Elon	9,448		0.18378%		\$ 1,626.98	
	Graham	14,211		0.27643%		\$ 2,447.20	
	Greenlevel	2,109		0.04102%		\$ 363.14	
	Haw River	2,308		0.04489%		\$ 397.41	
	Mebane	11,441		0.22255%		\$ 1,970.21	
	Ossipee	545		0.01060%		\$ 93.84	
	Swepsonville *	1,159		0.00000%		\$ -	

- Governments must provide solid waste services to be eligible for funds.
- Collection and distribution of disposal tax varies based on waste disposal rates.


Solid Waste Disposal in North Carolina




Electronics Management Program



Electronics Management Program

- ▶ Session Law 2010-67, created NC Electronics Management Program
 - ▶ Bans computer equipment and televisions from disposal
 - ▶ Offers financial support to local governments through Electronics Management Fund for recycling of electronics
- 


Electronics Management Funds

- ▶ Source of Funds: annual fees paid by computer and television manufacturers selling equipment in NC
 - ▶ Eligibility for funds gained by including specific provisions in local Solid Waste Management Plan and using a properly certified electronics recycling vendor
 - ▶ Funds distributed annually to eligible governments each February
 - February 2011 Payment: \$0.072 per capita
 - February 2012 Payment: \$0.077 per capita
- 

Requirements for Use of Electronics Management Funds

- ▶ § 130A-309.137 part C
 - Establish a separate local budget account for the receipt and expenditure of electronics management funds
 - Account for the expenditure of electronics management funds
- ▶ Funds are to be used only for the management and operation of electronics recycling efforts


Solid Waste Trust Fund

- ▶ DEAO manages the Solid Waste Trust Fund
 - ▶ Source of Funds:
 - 8% of Scrap Tire Tax Proceeds
 - 8% of White Goods Tax Proceeds
 - 12.5% of Solid Waste Disposal Tax Proceeds
 - ▶ Purpose of funds: used to promote waste reduction and recycling including public education programs and technical assistance to units of local government
- 


Grants to Local Governments

- ▶ Community Waste Reduction and Recycling Grants
 - ▶ Recycling Roll Out Cart Grants
 - ▶ Abandoned Manufactured Home Grants
 - ▶ Mercury Products Recycling Grants – program under development
 - ▶ For more info on DEAO grant programs:
<http://portal.ncdenr.org/web/deao/recycling/localgov>
- 


Recommendations and BMPs

- ▶ Establish revenue accounts to receive tax distributions
 - ▶ Use funds as required by state law
 - ▶ Include revenue projections for these various funds in annual budget
- 


Full Cost Accounting

- ▶ Perform full cost accounting analysis of solid waste programs and services
 - § 130A-309.08 – Each county and each municipality shall annually determine the full cost for solid waste management...
 - ▶ Use full cost accounting to examine individual pieces parts of programs
 - ▶ Allows program managers and decision makers to develop better understanding of costs of various services
- 


Better Understanding of Program Costs

- ▶ Allows for creation of metrics to measure program effectiveness
 - Cost/ton
 - Cost/household
 - ▶ Makes it easier to examine consequences of change
 - ▶ Allows for understanding of how recycling efforts can create savings elsewhere
 - ▶ Enables sound decision making about programs and services
- 

Suggestions for Solid Waste Finances

- ▶ Create and fund reserve accounts for solid waste equipment and solid waste facilities
 - ▶ If recycling programs earn revenue, use revenues to invest in further diversion
 - ▶ Investing in updated systems can save money by reducing operating costs
 - ▶ Advances in recycling collection systems and processing technologies have made it easier than ever for communities across NC to implement cost effective recycling services
- 

Last Thoughts

- ▶ Local governments have a fiduciary responsibility associated with receipt of state funds
 - ▶ State funds should be used wisely to facilitate the provision of appropriate programs and services
 - ▶ Finance officers should help ensure that funds are used appropriately and properly accounted for
- 

Thank You!

- ▶ For More Information:
- ▶ Division of Waste Management
 - Ellen Lorscheider, Planning and Programs Branch Head
 - Phone: 919-707-8245
 - Email: ellen.lorscheider@ncdenr.gov
- ▶ Division of Environmental Assistance and Outreach
 - Rob Taylor, Local Government Assistance Team
 - Phone: 919-707-8139
 - Email: rob.taylor@ncdenr.gov

