

## **RECYCLING FACILITY RESIDUE**

### **PROPOSED EXEMPTION FROM WISCONSIN'S \$13/TON LANDFILL TAX**

#### **Justification**

- Reduces cost of recycling
- Direct financial benefit to RUs under MRF contracts that deduct the expense of residue disposal from material sales revenue shared with the RU
- For communities that implement pay-as-you-throw, reduces the cost of handling non-recyclables that residents attempt to recycle in order to avoid fees
- Encourages voluntary recycling of construction and demolition wastes by making it less costly to divert loads for recovery
- Enables C & D recycling to compete with C & D dump sites, which are 100% tax free

#### **Eligibility**

- Residue that can't be reused or recycled or is impractical to reuse or recycle, and has been removed from loads of recyclable material
- Up to 10% of the total material received at a MRF that is self-certified and reporting under NR 544 as a handler of materials banned under s. 287.07(3) and (4)
- Up to 30% of the total material received at a facility recovering recyclable construction and demolition material, if the facility meets certification and reporting requirements comparable to an NR 544 MRF under new rules DNR will promulgate. Note: The facility must exclude banned recyclables other than cardboard.

#### **Process**

The MRF will notify the receiving landfill that its residue is tax-exempt and provide documentation that it is self-certified. The DNR will require MRFs to report the volume of residue deemed tax-exempt and the name of the landfill receiving the waste. The DNR will require landfills to report the amount of tax-exempt MRF residue received by creating a new waste category on the existing landfill capacity certifications, just as landfills currently track other categories of wastes that are subject to varying tax rates. The landfill and MRF records will be subject to DNR review, just as they are now.

#### **Precedents**

Landfills do not collect the recycling tax portion of the landfill tax for waste removed from recyclable paper at a paper mill, or for waste generated by Goodwill Industries and similar non-profit groups. Landfills report these waste categories separately to the DNR. C & D dump sites are not required to collect state landfill taxes.

#### **Fiscal Impact**

An estimated 150,000 tons of residue could be eligible for the exemption, reducing recycling costs by roughly \$1.9 million a year.

**BROWNFIELDS WASTE**  
**PROPOSED EXEMPTION FROM WISCONSIN'S \$13/TON LANDFILL TAX**

**Justification**

- Reduces the cost of remediating contamination
- Makes removing waste to a secure site more affordable in comparison to leaving waste in situ
- Frees state brownfields grant dollars to be used for remediation activity
- Provides a tax-exempt cleanup option in areas of the state where soil bioremediation is not readily available

**Eligibility**

Contaminated soil removed during remediation of an industrial or commercial site that:

- 1) Is abandoned, idle or underused and adversely affected by contamination, and
- 2) has been assigned a project activity number under DNR's existing database of locations at which pollution has been reported.

**Process**

Landfills would track and report wastes received in this category separately, as they now do for many other waste types.

**Precedents**

PCB-contaminated sediment from the Fox River cleanup is exempt from the \$7/ton state recycling tax.

**Fiscal Impact**

An estimated 35,000 tons of soil from brownfields would be eligible for the exemption, at a cost of about \$455,000 a year.

## **BAD DEBT**

### **PROPOSED EXEMPTION FROM WISCONSIN'S \$13/TON LANDFILL TAX**

#### **Justification**

- Protects landfill operators and haulers from some of the costs incurred when a customer fails to pay for service
- Protects other customers from bearing the costs of taxes that weren't paid

#### **Eligibility**

Taxes owed by a customer who failed to pay both taxes and service fees. A tax waiver could not be sought until at least 120 days after the date of disposal.

#### **Process**

A landfill would submit an affidavit to the DNR identifying the non-paying customer(s) and describing the efforts made to collect the taxes due. After accepting the affidavit, the DNR would deduct uncollectable taxes from the taxes payable by the landfill, or refund the taxes to the landfill if they have already been paid. A hauler could submit an affidavit to the landfill, which the landfill would in turn submit to the DNR. If the DNR waived the taxes, the landfill would waive or refund the taxes it was due from the hauler.

The landfill and hauler would have to agree not to service the non-paying account until the taxes were paid. If the generator or hauler later pays the past due taxes, the hauler or landfill would be required to repay the taxes to the DNR.

#### **Precedents**

Wisconsin retailers are not required to remit sales taxes on behalf of non-paying customers. Distributors of tobacco products are not required to pay tobacco taxes for accounts that default.

#### **Fiscal Impact**

An estimated 5,000 tons of waste would be exempt from taxation, saving public and private haulers and landfill operators about \$65,000 a year.