

Pay as You Throw (PAYT)

A system for financing solid waste management

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Pay-as-you-throw (PAYT), also known as unit pricing, variable-rate pricing or volume-based fees, is the practice of charging residents for garbage collection based on the amount they throw away. PAYT is similar to other utility services, such as water and electric, where households pay according to the amount of resources they use. This encourages residents to reduce what they throw away and increase the amount they recycle, reuse or compost. Revenues from PAYT systems help communities pay for their trash and recycling programs, and often allow communities to enhance recycling or composting services, further encouraging residents to reduce their waste.

For more information, visit dnr.wi.gov and search “PAYT.”

Types of programs

- **Cans & carts:** Residents select a certain size or number of containers and pay for garbage collection based on the size or number of those containers. In most cases, residents may change their containers if their waste disposal needs change.
- **Prepaid bags:** Residents purchase garbage bags from designated retailers or local government offices for a fee. The price of the bag includes both the cost of the bag itself and the cost of collection and disposal. Residents are able to see direct savings when they use fewer bags.
- **Tags or stickers:** Residents purchase tags/stickers from retailers or local government offices and affix them to trash bags or bulky items. The tags/stickers represent a certain amount of trash to be collected. Similar to prepaid bags, the cost of the tag/sticker includes the cost of collection, transportation and waste disposal.

Introducing PAYT in your community

Take time to educate your citizens on the operation and benefits of a PAYT system. Benefits include:

- PAYT systems allow customers greater control over how much they spend on garbage collection—those who throw away less pay less.
- Revenue from PAYT systems can support other popular waste reduction initiatives in your community, including leaf collection, larger recycling systems, composting programs, large item collection, household hazardous waste collection and more.
- PAYT systems encourage citizens to reduce the amount they throw away, which means less trash ends up in landfills and lower waste disposal charges for the municipality.

Public hearings, case studies and letters or flyers can help answer questions and alleviate fears residents may have about PAYT programs. Including your residents in the decision making process also will allow you to incorporate their needs into your program. If a community chooses to adopt a PAYT program, outreach and education are crucial to ensuring participation.

Before implementing a PAYT program, communities should define clear goals and measurable standards for their new system. Communities will need to evaluate current waste disposal needs and compare them with how they will change under PAYT. If a community does not collect its residents' garbage or own a landfill, officials can work with their waste hauler or landfill/incinerator to calculate amounts of waste collected under the current system. In order to estimate future trends, it may help to examine communities similar in size that have switched to PAYT.

Before adopting PAYT, communities should determine whether transitioning to a PAYT system would be cost-effective. Although PAYT offers opportunities for increased revenue, communities should also consider start-up and ongoing costs of the various PAYT systems.

Case Study: City of Tomahawk

In April of 2011, the City of Tomahawk redesigned their recycling/solid waste collection system. Along with a switch to single stream collection of recyclables and the utilization of automated cart tipping technology, their key element was PAYT. Trash service now costs \$9.25, \$10.50 and \$12/month for 48, 64 and 96 gallon carts, respectively. The cost of recycling is built into the trash fee, and the size of the recycling cart does not change the bill, which makes recycling appear free. Previously residents paid for recycling and garbage collection through the general tax fund; when they transitioned to PAYT, collection fees were moved to the quarterly utility bill. This not only lets residents see the costs of trash service four times a year, but allows them to change the size of their cart while they are paying their water bill.

The City of Tomahawk cut its landfill tipping fee by almost two thirds (from \$74,000 in 2010 to under \$30,000 in 2012) and their recycling rate has gone from 8% before to 42% after PAYT.

Case Study: City of Fitchburg

The City of Fitchburg's PAYT program incorporates both carts and purchased stickers. Residents can choose from 35, 65 and 95 gallon refuse carts, all of which are assessed as a special charge on property taxes. Depending on the cart residents choose, they pay \$142 to \$195/year for curbside collection of refuse, recycling, yard waste and brush. The base program, \$135/year, provides residents with a recycling cart (size of their choice) and a 35 gallon refuse cart. Larger refuse carts are about \$30/year extra for a 65 gallon cart, and about \$50/year extra for a 95 gallon cart. Additionally, if a Fitchburg household produces more waste than can fit in its designated cart, it can purchase "refuse tags" for \$3.30 each. Tags are attached to each additional refuse bag left on the curb.

Fitchburg first adopted a PAYT program when the state instituted mandatory recycling. The city's recycling rate has remained strong over the years, averaging 25-30 percent.

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For more information on recycling visit dnr.wi.gov and search "recycling"

