

BaltAC

FROM	NAME & TITLE	Robert Cename, Budget Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Bill 19-0477 – Solid Waste Surcharges - Exemption		

DATE:

TO

The Honorable President and
Members of the City Council
City Hall, Room 400

May 12, 2020

Position: Does Not Oppose

The Department of Finance is herein reporting on City Council Bill 19-0477, Solid Waste Surcharges - Exemption, the purpose of which is to create an exemption for any solid waste that is destined for disposal outside of Baltimore City.

Background

Baltimore City Code Article 23, Subtitle 11 – Solid Waste Surcharges imposes a surcharge of \$7.50 per ton on all solid waste disposed of in Baltimore City, including solid waste destined for disposal at sanitary landfills and transfer, processing, and waste-to-energy facilities outside the City. This surcharge was established in 1991 to encourage commercial operations to engage in recycling and waste diversion options. The haulers that bring solid waste to acceptance facilities located within the City pay this surcharge and the acceptance facilities collect and remit the funds to the City. The final disposal destination is determined by acceptance facilities.

The lack of definition of “disposal” in City Code Article 23, Subtitle 11 has resulted in several outstanding issues with vendors who interpret the City Code in a way that is at odds with the Code language. City Council Bill 19-0477 means to address this by defining “dispose”, “disposal” and “disposed” as “the complete and ultimate placement of solid waste in a landfill, incinerator or waste-to-energy facility”. The definition excludes any acceptance facilities, such as a transfer stations or processing facilities, for solid waste destined for disposal outside Baltimore City.

Other Considerations

The Law Department defines “dispose” and “transfer station” as circumstances where waste is permanently relinquished to another entity, or the complete handing over of control of the waste at a solid waste acceptance facility in Baltimore City. The definition of dispose, as defined by Merriam-Webster, is “get rid of, to deal with conclusively; to transfer to the control of another....” This leads them to support the conclusion that the surcharge of \$7.50 per ton applies when there is a complete hand over of control of the solid waste at a solid waste acceptance, processing, or transfer facility, irrespective of the final destination of the solid waste.

The proposed legislation’s definition of “disposal”, “dispose”, and “disposed,” as defined above, puts the burden on haulers to know whether an acceptance facility will chose a final disposal destination that is inside or outside the City before any processing. The decision of the final disposal destination for solid waste is made by acceptance facilities and based on several factors, including market rates and logistics.

However, haulers are responsible for paying the surcharge, while acceptance facilities collect the surcharge. As such, haulers may need to be reimbursed or exempted from the surcharge if the facility directs waste disposal outside the City or acceptance facilities would have to know the final disposal destination before accepting any surcharge fees. This will likely require the City develop a new process to monitor this activity.

Fiscal Impact

Currently, one known facility collects the surcharge but has a final disposal destination outside of the City. As such, eliminating the solid waste surcharge requirement for solid waste disposal outside the City would initially result in an annual 5% revenue decline, or approximately \$150,000, per year for the City. Finance will consider revising the tipping fee to compensate for the reduction in revenues to the General Fund.

Conclusion

This legislation will have a limited fiscal impact for the City based on current acceptance facility practices. In order to compensate for losses in revenue, Finance will consider revising the current tipping fee to compensate and better align with surrounding jurisdictions.

For the reasons stated above, the Department of Finance does not oppose City Council Bill 19-0477.

cc: Henry Raymond
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