



Surcharges On Waste Disposal Fund Composting

BY SOPHIA JONES | DATE: 4 FEB 2022 | [f](#) [t](#) [in](#) [v](#)

More than 42 million tons of food scraps are landfilled or burned in the US each year, as estimated by the EPA. One reason among many is lack of adequate funding to prevent, rescue, and recycle wasted food. According to ReFED, an annual investment of \$14 billion over the next ten years is needed to reduce current levels of waste food. Such investment would result in \$73 billion in annual net financial benefit, cut greenhouse gas emissions by 75 million metric tons, save 4 trillion gallons of water, and recover the equivalent of 4 billion meals for those in need. ReFED's [Roadmap to 2030: Reducing U.S. Food Waste by 50%](#) outlines myriad solutions that governments, business, philanthropic funders, and other stakeholders can take to accelerate change. Financing these solutions via grants, low-cost capital, commercial project financing, and other funding mechanisms is critical.

One funding mechanism with a proven track record of raising funds to reduce and recycle waste is the establishment of a per-ton surcharge on waste landfilled or incinerated. A waste disposal surcharge is typically a fee added to the per-ton tipping fees charged for waste disposal at waste disposal sites. [Some state](#) and local governments levy waste disposal surcharges to solely support agency costs for solid waste facility licensing, permitting, registration or operation. Others use these per-ton surcharges to also support the establishment, expansion, and maintenance of recycling and composting projects.

This article features ten examples of existing regulations that allocate revenue from waste disposal surcharges to fund waste diversion, reuse, recycling, composting, and other sustainability efforts, and extracts best practices and possible roadblocks that may help to guide the development of new legislation to fund composting and divert waste.

Does "Recycling" Include Composting?

In existing legislation, the term 'recycling' is often used broadly and includes composting, whether implicitly or explicitly. Recycling has a broad definition involving the process of transforming waste into (re)usable items, therefore composting, the process of transforming organic waste into a valuable soil amendment, is understood to be included in most definitions of recycling. [Wisconsin](#) is one state in which the absence of composting-specific language in the legislation actually restricts grant funds from being available for composting projects. This demonstrates the significance of specifying composting in addition to recycling where possible in order to emphasize its value as a waste diversion method.

Examples of Existing Regulation

The ten frameworks featured here exhibit clear paths for funding to flow from disposal surcharge revenue to recycling and composting programs, projects, infrastructure, and education. Featured states include [New Jersey](#), [Pennsylvania](#), [Minnesota](#), [Wisconsin](#), [North Carolina](#), [Iowa](#), [Ohio](#), and [Indiana](#). [Alameda County](#) and [Santa Clara County](#) in California are also great examples of surcharge policies and waste diversion grant programs administered at the local level. While this article features states with surcharges that fund waste diversion, [other states](#) (e.g. Arizona, Illinois, Michigan, Mississippi, Colorado, West Virginia) have similar programs that may focus on more general waste management.

The overview tables below summarize key data of each state or local program. See our [Composting Rules Library](#) for more detailed descriptions of each policy.

State/Local policy	Surcharge Amount	Surcharge applies at:			Designated fund	Year Est.
		Landfills	Incinerators	Transfer Stations		
New Jersey	\$3/ton Recycling Tax	X	X	X	REA Recycling Tax Fund	2008
Pennsylvania	\$2/ton Recycling Fee	X	X		Recycling Fund	1998
	\$0.25/ton Environmental Stewardship Fee	X			Environmental Stewardship Fund	1999
	\$4/ton Disposal Fee				Environmental Stewardship Fund	2002
Minnesota	9.75% (households) 17% (commercial)	X	X		State Environmental Fund (70% of total)	1997
Wisconsin	\$13/ton	X			Environmental Management Account (\$9.64)	1999
Indiana	\$0.50/ton	X	X		Solid Waste Management Fund (50%), Recycling Promotion & Assistance Fund (50%)	1996
North Carolina	\$2/ton Disposal Tax	X		X	Hazardous sites cleanup fund (50%), General fund (12.5%)	2008
Iowa	\$4.25/ton	X		X	Groundwater Protection Fund (Solid Waste Account)	1987
Ohio	\$4.75/ton for MSW disposal	X		X	Hazardous Waste Management and Cleanup funds (\$0.90); Waste Management Fund (50.75); Environmental Protection Fund (\$2.85); Soil and Water Conservation District Assistance Fund (\$9.25)	1986
	\$1.00/ton for CAD disposal	X		X	Soil and Water Conservation District Assistance Fund (\$9.25); Recycling and Litter Prevention Fund (\$5.75)	1986
	\$4.54/ton AB 939 Implementation Fee	X	X		General Fund	1989
Alameda County, CA	\$5.23/ton "Measure D" Surcharge	X	X		Recycling Fund	1984
	\$0.78/ton Solid Waste Planning Fee	X	X	X	Recycling and Waste Reduction Fund	1984
	\$4.10/ton AB 939 Implementation Fee	X	X	X	General Fund	1992

Table 1: Overview of Disposal Surcharges
Source: [ILSR 2022](#)

State/County	Annual Surcharge Revenue (data year)	Grant Program Administrator
New Jersey	\$29 million (2018)	Dept. of Environmental Protection
Pennsylvania	\$105-112 million (2021)	Dept. of Environmental Protection
Minnesota	\$90 million (2021)	Pollution Control Agency
Wisconsin	\$56 million (2019-2020)	Dept. of Natural Resources
Indiana	\$4.88 million (2020)	Dept. of Environmental Management
North Carolina	\$23 million (FY 2020-2021)	Dept. of Environmental Quality
Iowa	\$8 million (2020)	Dept. of Natural Resources
Ohio	\$69.8 million (MSW); \$6.4 million (CADSD) (2021)	Environmental Protection Agency
Alameda County, CA	\$6.7 million (2021)	StopWaste
Santa Clara County, CA	\$1.3 million (\$0.79 fee); \$1.6 million (\$4.34 fee) (2021)	Santa Clara County

Table 2: Disposal Surcharge Revenue and Administration
Source: [ILSR 2022](#)

State/County	Grants to Local Governments?	Other Grants (To Whom?)	Other Environmental Programs
New Jersey	Yes - counties and municipalities	Recycling Enhancement Higher Education Research Grants (higher education institutions)	No
Pennsylvania	Yes - counties and municipalities	Growing Greener Plus Grants (various entities); Food Recovery Infrastructure Grant (nonprofits)	Preserving and conserving farmland, open space, water quality, and outdoor recreation
Minnesota	Yes - counties	No	Landfill cleanups and environmental monitoring
Wisconsin	Yes - counties, municipalities, and recognized Indian tribes	No	Land cleanup and remediation, contaminated well cleanups, groundwater management
Indiana	Yes - counties and municipalities	Community Recycling Grant Program and Recycling Market Development Grants (various entities)	No
North Carolina	Yes - counties and cities	No	Hazardous sites cleanup
Iowa	Planning Areas may retain a portion of the tonnage fee	Solid Waste Alternatives Program (various entities); Environmental Management Systems Program (planning areas)	Water quality improvement, greenhouse gas reduction, environmental education
Ohio	Local government units are eligible to apply for competitive grants	Recycling and Litter Prevention Grant Program (various entities)	Litter prevention and cleanup, assistance for soil and water conservation districts
Alameda County, CA	Yes - municipalities	Waste Prevention Grant Programs (nonprofits and businesses)	Carbon farm planning, sustainable landscaping, energy efficiency programs
Santa Clara County, CA	Yes - municipalities	No	No

Table 3: Overview of Grant Programs
Source: [ILSR 2022](#)

In general, waste haulers pay the disposal surcharges at the disposal site. In the unique case of [Minnesota](#), the surcharge is collected at the generator-level; households and businesses are billed directly based on waste generated (Table 1). Surcharge collection and resulting grant programs are typically administered by the state or local government's designated environmental agency (Table 2). As shown in Table 3, most of the example states and counties use surcharge revenue to provide financial assistance to local governments for waste diversion. Some also use surcharge revenue to administer competitive grants for waste diversion projects by various non-government entities such as academic institutions, nonprofits, for-profit businesses, and other organizations. Another way that states and counties use surcharge revenue is to fund other environmental programs such as land conservation and remediation, water quality management, litter prevention and cleanup, greenhouse gas reduction, and environmental education.

Investment and impact on in-state waste diversion

These surcharge-funded grant programs have each provided significant investment into waste diversion programs and infrastructure, demonstrating tangible impact on waste reduction, reuse, recycling, and composting. In Indiana, 2020 grant awards from both the [Community Recycling Grant Program](#) and the [Recycling Market Development Program](#) totaled over \$1.8 million, efforts which created up to 47 new jobs and increased the amount of recycled materials by almost 85,000 tons. In Minnesota, [SCORE grants](#) to counties provide support for county compliance with the state-mandated 35%-minimum recycling rate, with 50% of the grant funds to be used for organics recycling programs. Iowa's [Solid Waste Alternatives Program \(SWAP\)](#) provides financial assistance to various projects including community education and training on composting, on-campus food waste composting program, a concrete pad for school waste composting, and purchase and use of compost spreaders to encourage lawn application of compost. Also, Iowa's [Food Storage Capacity Grant Initiative](#) awarded over \$400,000 to 80 entities in 2020 and 2021 to expand food storage capacity and avoid wasted food.

On the East Coast, New Jersey's DEP awarded [\\$16 million in grants](#) to fund municipal and county recycling programs in 2021. And, in 2020, Pennsylvania's [Food Recovery Infrastructure Grant](#) provided \$9.6 million to 145 projects focused on diverting edible food waste from landfills, rescuing almost 1 million pounds of food from landfills, distributing edible food to over 25,000 Pennsylvania residents over the course of the year. At the local level, [StopWaste Waste Prevention Grants](#) in Alameda County allocated over \$580,000 in 2021 to local nonprofits and businesses for waste reduction and diversion, in addition to allocating almost \$5 million to municipalities for municipal recycling program expansion. These examples illustrate the wide array of projects that can be supported by waste disposal surcharges. They demonstrate concrete and widespread impact on not only waste diversion projects and infrastructure, such as for composting, but also on the economy by empowering small businesses, creating jobs, strengthening communities, and building the circular economy.

Beyond waste diversion

Some states extend their investment of waste surcharge revenue beyond waste diversion to include support for other environmental programs. Many use funds to address litter control and land remediation, such as Pennsylvania's Growing Greener Plus watershed restoration and mining reclamation projects, North Carolina's cleanups of hazardous sites, Wisconsin's land cleanup and remediation programs, Minnesota's landfill closure and environmental monitoring, and Ohio's litter prevention and cleanup projects.

Other examples of environmental programs supported by disposal surcharge revenue include Alameda County's support for carbon farm planning, sustainable landscaping, and energy efficiency programs, Ohio's \$8.9 million in annual [operational grants](#) to Ohio Soil and Water Conservation Districts, and Iowa's [Solid Waste Environmental Management System Program](#), which allows local solid waste planning areas to participate in training and technical assistance for continuous improvement in six environmental program areas, ranging from recycling to water quality improvements to greenhouse gas reduction, incentivized by a reduced waste disposal surcharge rate. These states provide examples of how supporting environmental projects using surcharge revenue can extend this funding mechanism beyond the polluter pays principle, with further reinvestment into environmental conservation, regeneration, and sustainability.

Lessons Learned: Using Surcharges to Fund Waste Diversion

Each disposal surcharge policy and its relationship to recycling, composting, and other environmental efforts is unique, with its own pros and cons. These surcharges serve as a self-funding mechanism to both build recycling infrastructure and disincentivize waste disposal in landfills. This is a major incentive to pass laws like this for other states and localities that experience lack of funding as a hindering factor for the passage or long-term success of sustainability-related legislation. With more funds allocated to waste diversion efforts, diversion rates should improve. According to a [2021 report](#) by Eunomia, the states featured here all boast recycling rates ranking in the top 3/5 of states, with four of them in the top 1/5.

Furthermore, supplementing fees on waste disposal with incentives to reduce and recycle waste encourages a transition from disposal habits toward behavior that prioritize reduction and diversion. A 2015 [study](#) on landfill tipping fees found that higher per-ton tipping fees at landfills correlate with lower percentages of total generated solid waste that is landfilled (see Figure 1). Provision of accessible incentives to reduce and divert waste paves a clearer direction for the efforts of households, businesses, waste facilities, and communities toward greater reduction and diversion.

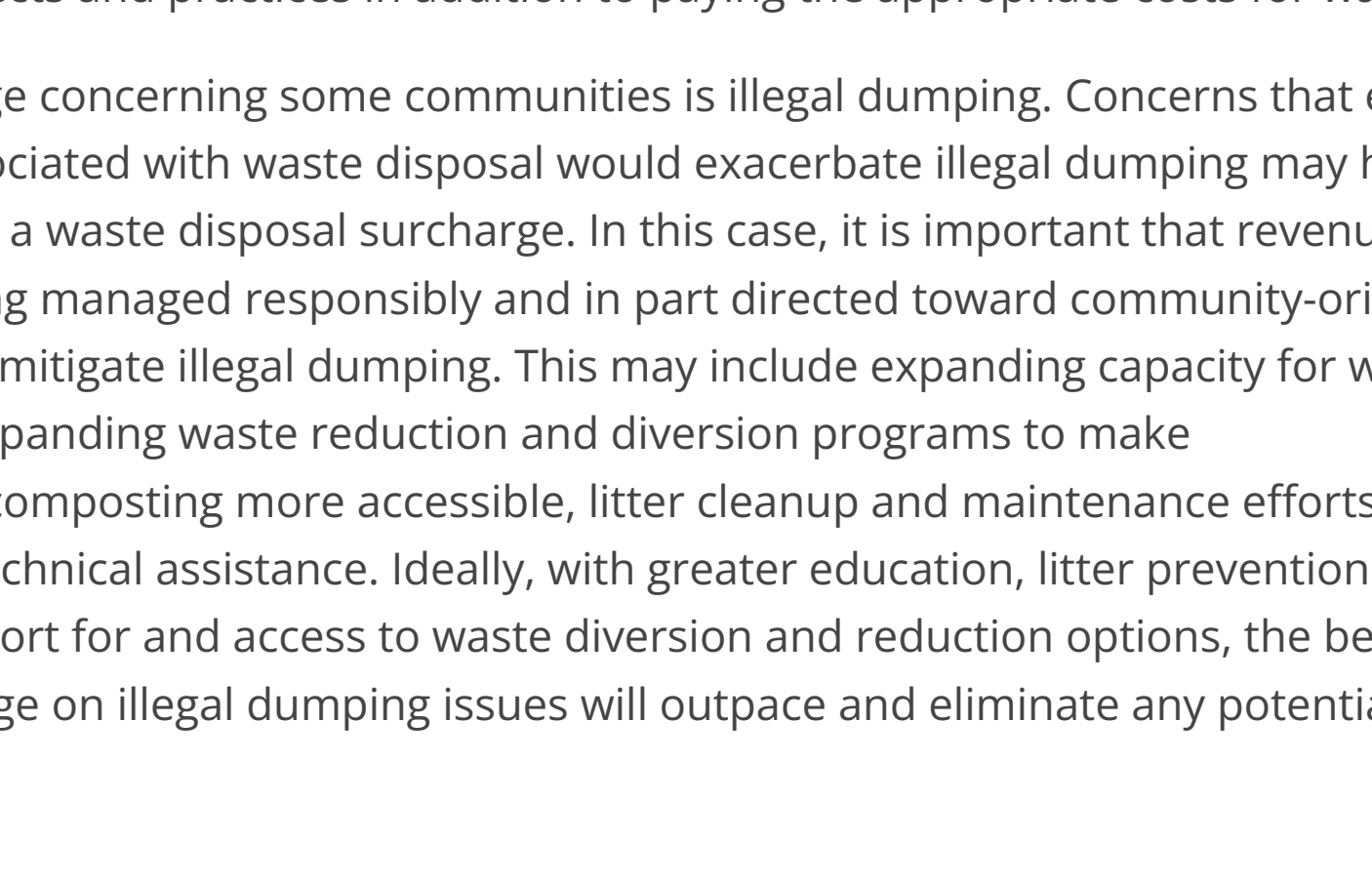


Figure 1: U.S. State Tipping Fees and Landfilled Percentage
Source: [Landfill Tipping Fees in California](#) (California 1995)

Based on ILSR's analysis and comparison of various policies, we note the following considerations for others interested in constructing similar policies:

- [Having a designated fund](#) that collects revenue from the surcharge ensures commitment of funds to composting/recycling efforts. [Protecting and responsibly managing the revenue](#) is imperative in order to avoid unnecessary fund diversion, as observed with [Pennsylvania's](#) Environmental Stewardship and Recycling Funds. Responsible management should ensure that funding is targeted at appropriate environmental and sustainability efforts, from compost and recycling infrastructure, to education efforts, to community composting projects. The fund may also receive funding from other sources (e.g. direct donations).
- [Ensuring the funding and resulting recycling/composting/waste reduction efforts are directed locally](#), toward the same communities that the surcharge affects. This will encourage maximum waste diversion and ensure that those potentially affected by higher waste disposal fees have access to alternatives to waste disposal as well as resources and education.
- [Ensuring that waste generators \(e.g. businesses, households, commercial facilities\) are aware of and educated on the surcharges](#) so that they are incentivized to reduce their waste disposal and are able to negotiate with their waste haulers for lower trash disposal fees (as they reduce and recycle more waste). Education by local and state governments is critical.
- [Ensuring that grants are accessible](#) to smaller, community-scale projects can help to ensure a wide and distributed investment in waste diversion infrastructure and support. This looks like ensuring that a variety of applicants are eligible to apply for financial assistance, having a simple and streamlined application process, and providing equitable priority factors.

Potential Roadblocks

A potential issue on the financing front is that, if generators successfully reduce the amount of waste sent to landfills, revenues from per-ton disposal surcharges will decline over time. This is exemplified by the City of San Jose, which has charged a [disposal facility tax](#) of \$13 per ton since 1992. Revenue data from 2002-2013 shows a steady decline in annual revenue from the tax (from \$16.3 million in 2002-2003, to \$10.7 million in 2012-2013) as annual landfill disposal tonnage decreased. However, recent landfill disposal has increased with higher waste generation levels and population growth, creating a steady annual revenue of \$12-13 million per year since 2013. Ideally, waste reduction and diversion efforts would yield consistent reductions in waste disposal rates, resulting in lower annual revenue year-to-year given a consistent per-ton surcharge rate.

One way to mitigate this effect is to implement a surcharge or fee that increases every few years, both disincentivizing waste disposal in favor of reduction or recycling and maintaining the revenue flowing in to ensure continued funding to recycling and composting projects and infrastructure. Alternatively, legislative text might include a clear mechanism for reviewing and updating the surcharge or fee, as exemplified by [Alameda County](#) and Ohio's Soil and Water Management District waste generation fees.

Other issues associated with increased costs of disposal may arise. For example, while passing off costs to individual, household, and business waste generators can disincentivize wasteful habits of waste generators, not all individuals have the means to pay for the costs of waste production in a society that doesn't necessarily give them options other than to produce said waste. There should be a certain level of responsibility on organizations and governments to support restorative and sustainable projects and practices in addition to paying the appropriate costs for waste disposal.

Another challenge concerning some communities is illegal dumping. Concerns that even slightly higher costs associated with waste disposal would exacerbate illegal dumping may hinder the establishment of a waste disposal surcharge. In this case, it is important that revenue from the surcharge is being managed responsibly and in part directed toward community-oriented efforts that will address and mitigate illegal dumping. This may include expanding capacity for waste management, expanding waste reduction and diversion programs to make reuse/recycling/composting more accessible, litter cleanup and maintenance efforts, and providing education and technical assistance. Ideally, with greater education, litter prevention capacity, and community support for and access to waste diversion and reduction options, the benefits of a waste disposal surcharge on illegal dumping issues will outpace and eliminate any potential exacerbation of the problem.

Conclusions

Waste disposal tipping fees are in place to support and maintain waste disposal systems. Adding a surcharge to existing tipping fees is one successful mechanism to fund solutions to the burn-and-bury paradigm. Waste disposal surcharges penalize "the bad," while incentivizing "the good." The state and local examples featured in this article demonstrate the viability of this funding method to support a wide range of needed solutions from food rescue, to public recycling and organics collection services, to pollution prevention, to farmland and watershed preservation. The present widespread adoption of and [consistent increases](#) in disposal site tipping fees indicate that tipping fees are here to stay. Why not utilize a surcharge to direct revenue toward building alternatives to waste disposal systems?

More Information

Watch our webinar "[Funding Recycling Infrastructure via Disposal Surcharges](#)", as part of the [Recycling Is Infrastructure Too Campaign](#), to learn more! It features a panel of state agency representatives from Pennsylvania, Wisconsin, Iowa, and North Carolina. ILSR also helped [introduce a bill](#) in Maryland's 2022 legislative session based on this research. [Use our model legislation template](#) to introduce a policy like these in your own state or locality.

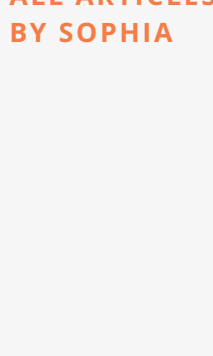
- [ILSR Composting Rules Library – Waste Surcharges to Fund Composting and More](#)
- [Carton Council – "Using Disposal Surcharges as a Funding Mechanism to Support Recycling Programs"](#)
- [EPA – "State Funding Mechanisms for Solid Waste Disposal and Recycling Programs"](#)
- [National Conference of State Legislatures – "States with Landfill Tipping Surcharges"](#)

Featured image: Surcharges on disposal can help invest in local composting efforts that empower local communities, build circular economies, and protect the environment. Credit: iStock by Getty Images

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community composting, compost infrastructure, composting, disposal, featured, homepage feature, initiative feature, policy, waste surcharges

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