

# The Environmental Protection Fee

Ohio's Proposed 2006 - 2007 Budget

February 2005

**O**hio is in the midst of an economic struggle that is forcing officials to reexamine how to fund public programs that historically have relied on tax dollars. The Ohio Environmental Protection Agency and Ohio Department of Natural Resources (ODNR) are no exceptions. Faced with the planned loss of General Revenue Funds (GRF) for environmental programs and elimination of a corporate franchise tax that funds recycling and litter prevention programs, the Taft Administration is proposing to replace those funding sources with a fee.

A new environmental protection fee of \$2.75 per ton on solid waste disposed in Ohio's landfills would generate approximately \$25.2 million annually for Ohio EPA. By State Fiscal Year (SFY) 2007, the fee would replace all GRF that currently funds seven diverse environmental programs. Ohio EPA would also use this revenue to initiate new programs to comply with federal Clean Air Act requirements and as matching funds for about \$23.4 million in federal grants.

The environmental protection fee would also provide about \$14.5 million annually for ODNR's recycling and litter prevention programs, primarily funds passed on to Ohio communities to support their local recycling and anti-litter efforts, help them build markets for recycled materials and create jobs in the recycling industry.

Revenue for both Ohio EPA and ODNR would be lower in SFY'06 due to less than a full year of fee collection, by the time the fee is effective.

## **W**hy a Fee on Solid Waste Disposal?

All Ohioans benefit from a clean environment and all Ohioans generate solid waste. The average person creates a little less than a ton of residential waste each year. By placing a fee on an activity that is common to all, everyone shares in the responsibility to protect Ohio's environment.

The environmental protection fee on residential waste equates to about \$2 per Ohioan per year. That's less than the cost of a magazine or a movie rental to help keep our air, land and water clean.

In addition, outsiders who ship waste to Ohio's landfills would also share the cost to protect Ohio's environment. With the new environmental protection fee, residents of other states would contribute nearly \$6 million each year to environmental programs in Ohio.

The increase in out-of-state waste coming to Ohio is a concern to residents and policy-makers. In 2003, waste imports increased for the seventh year in a row. One reason waste disposal in Ohio is attractive to other states is that Ohio has state-of-the-art waste disposal facilities with extensive capacity. Another reason is that Ohio's average solid waste disposal fee is much lower than the average for states in the Northeast, including New York – the source of about 76 percent of the “long-haul” waste coming to Ohio.

## **H**ow Does the Fee Compare to Other States?

The environmental protection fee would increase Ohio's fee on solid waste disposal from \$2 per ton to \$4.75 per ton, raising average disposal costs in Ohio to about \$33.35 per ton. Waste disposal costs in Ohio would remain similar to the average cost in Michigan, Kentucky, Indiana and West Virginia. However, an increase could start to make Ohio less attractive to Northeastern states that ship their waste to Ohio for disposal because of comparatively lower costs.

Ohio is not alone in assessing this type of fee and would not have the highest fee in the region at \$4.75 per ton. The state disposal fee is \$8.75 per ton in West Virginia and \$6.25 per ton in Pennsylvania. In both of those states, the fees support multiple environmental programs.

## Impact on Ohioans if Funds are not Replaced

Failure to secure replacement funds could result in potentially significant environmental, economic, health and quality of life impacts in Ohio. Examples of ways this would be felt in communities include:

- ✂ Drinking water may not be adequately protected due to lack of oversight from Ohio EPA.
- ✂ Local air pollution control agencies will lose \$1 million a year in direct state aid that also provides matching funds for an additional \$2.8 million in federal grants for local efforts. Air agencies inspect facilities that have air pollution sources, respond to citizen complaints and review applications submitted by companies that need air permits to build and operate.
- ✂ Deadlines for meeting new air quality standards may not be met, which could lead to significant losses in federal highway funds and sanctions that can make it harder to expand existing businesses and attract new ones.
- ✂ Environmental permits that businesses need to operate, install or modify equipment will take longer to review, slowing economic growth.
- ✂ Non-regulatory assistance to help Ohio businesses reduce waste, save money and operate in compliance with environmental requirements will be significantly reduced.
- ✂ Outreach and training to local governments with questions about Clean Ohio Fund grants for brownfield assessment and cleanup would be diminished. Ohio EPA's current source of funding to provide free reviews of applications and funded projects to ensure their protectiveness would be eliminated.
- ✂ Stream cleanups will slow down considerably without the resources to evaluate stream health and develop restoration plans.
- ✂ Funding for Ohio EPA to respond to spills and unplanned releases of hazardous materials will be cut.
- ✂ Ohio EPA's ability to help local emergency planners and firefighters prepare to deal with emergencies involving hazardous chemicals would be seriously impacted.
- ✂ About \$9 million annually in recycling grants to local communities will be eliminated. Current funding to local entities supports many of Ohio's 450 curbside recycling programs and 1,700 drop-off recycling sites.
- ✂ At least 25 county recycling and litter prevention programs that rely on state grants as their primary source of funding would face elimination. Other local grant programs will be severely limited in providing recycling and litter prevention programs for their residents.
- ✂ Grants to support local partnerships with Ohio's recycling industry would end. These businesses, which use recycled materials in their manufacturing processes or produce recycled-content products, provide 169,000 jobs in Ohio. Through their payroll, products and services, recycling also contributes \$30 billion to Ohio's economy.
- ✂ The continued growth of recycling market development will be negatively impacted, affecting new job growth in this industry.
- ✂ Support to state agency and university recycling programs will be eliminated.

Ohio EPA receives about \$19.8 million annually in GRF and uses it to secure additional federal funds of about \$23.4 million. This revenue is critical to Ohio EPA's mission. The proposed environmental protection fee is needed to support 181 positions at Ohio EPA, including 33 percent of the surface water program; 19 percent of the air pollution control program; and 18 percent of the drinking water and ground water program. These positions would be eliminated without the fee, and a loss of federal funds would compound this impact. Without replacement funds at ODNR, the entire Division of Recycling & Litter Prevention, and its grants to communities, would be dissolved.

## How Have Existing Funds Helped Ohio?

**Providing Compliance Assistance** - In Marietta, wastewater treatment plant operators had spent thousands of dollars on chemicals to achieve compliance with their Ohio EPA discharge permit. However, this approach was not working and the community faced possible fines and enforcement. Ohio EPA's compliance assistance staff met with plant operators, isolated the problem, and developed a solution that involved no chemical use. The plant returned to compliance. A chemist at the Marietta plant said, "It was amazing what they (Ohio EPA staff) were able to accomplish. I never would have believed it. They are always willing and ready to help when we need it." Similar testimonials come from wastewater plant operators in South Webster (Scioto County), Middle Point (Van Wert County) and Champaign County.

**Assisting Communities During Disasters** - Ohio EPA is one of several state agencies on the front line when Ohio faces a natural disaster. The Agency assists with debris management, leaking chemicals, and flooded wastewater and drinking water plants. Last August, the village of Lisbon (Columbiana County) recorded 6-7 inches of rain in about three hours. The flash flood washed out both water lines that bring drinking water to the village plant for treatment. Ohio EPA provided immediate assistance, arranging for a temporary tank to provide the community with water. Ohio EPA also intervened to help get the water lines repaired quickly. Within three days, the water plant was back in business.

**Responding to Environmental Emergencies** - In December 2003, Ohio EPA and local fire departments responded to a fire at Garfield Alloys in Garfield Heights. The company is the largest magnesium recycling facility in the country. Prior to the fire, more than two million pounds of magnesium were at the facility. During the incident, spectacular explosions leveled the facility and two adjacent businesses were destroyed. Ohio EPA sampled air and water during the event and helped minimize the amount of polluted runoff into Mill Creek. In 2004, Ohio EPA received nearly 10,000 spill reports, responded to the scene of more than 1,500 incidents, provided technical assistance by phone on 400 cases and assisted with five disaster response efforts in the State Emergency Operations Center.

**Keeping Companies in Ohio** - Ohio EPA recently issued air permits in a timely manner to allow major capital investment projects at the GM Lordstown Plant and Daimler Chrysler Plant in Toledo to proceed on schedule. By working closely with the companies, thousands of manufacturing jobs were preserved while maintaining environmental quality in the communities.

**Encouraging Recycling and Litter Prevention** - Through the state's Recycling Market Development Grants, a northwest Ohio company became the first to develop a re-use for used plastic soda bottles, creating a significant new market for recycled materials. ODNR's "Plant Pride, Not Litter" campaign was recognized as the nation's finest by the National Keep America Beautiful Program. Through Ohio's recycling and litter prevention programs, nearly 200,000 volunteers provide community service each year. More than 5,500 tons of litter are cleaned up and about 700 tons of litter are recycled each year. More than 70,000 tons of recyclables are collected annually statewide, the majority by local programs supported by state grants.

**Helping Companies Save Money** - Mill's Pride, a hardwood kitchen cabinet manufacturer in Waverly (Pike County) generated large quantities of hazardous waste in the form of used solvents, coatings, rags and paint filters. Mill's Pride saved about \$472,000 in the first year and reduced annual emissions by 137 tons after implementing several process changes suggested by Ohio EPA. Ohio EPA offers these on-site assessments free of charge to help companies reduce waste and be more competitive.

**Preventing Risks to Communities** - Ohio EPA manages a state-mandated, GRF-funded program that requires companies that are closing to properly dispose of hazardous chemicals before they leave the site. This prevents dangerous exposure to nearby residents that may result from unauthorized access to the properties. Ohio EPA assists many companies to ensure compliance with the regulations. In Columbus, the Timken Company removed all chemicals from the property before demolishing 36 buildings on its 30-acre property surrounded by a low-income neighborhood. Ohio EPA also helped when Eaglebrook Inc. closed its urban Cleveland facility and when Cincinnati Machine permanently ceased operation of several plants.

## What Environmental Programs Do the Funds Support?

**Drinking Water** – Overseeing 5,800 public drinking water systems serving cities, villages, mobile home parks, schools, day care centers, factories, restaurants and churches to ensure they provide safe drinking water. Making sure drinking water plants are properly designed and operated by well-trained employees. Ensuring quality of labs and technicians that analyze public drinking water. Regulating injection of waste underground. Reviewing ground water monitoring reports to make sure waste handling facilities such as landfills are not impacting ground water

**Stream Quality** – Ensuring Ohio's waterways support diverse aquatic life and can safely be used for recreation and as a source of drinking water. Protecting wetlands. Preserving water quality in Lake Erie. Preventing pollution from storm water and other types of runoff.

**Air Quality** – Ensuring Ohio meets air quality standards designed to protect public health. Regulating thousands of facilities that emit air pollutants. Launching new programs to comply with federal Clean Air Act requirements regarding ozone, fine particles, interstate flow of pollution, regional haze, mercury and more. Providing \$1 million each year to local air pollution control agencies to inspect facilities, respond to complaints and review air permit applications from companies seeking to do business. Providing chemical inventory information to local emergency planners and firefighters.

**Site Cleanup and Emergency Response** – Setting cleanup standards for voluntary site cleanups and making sure the standards were met. Responding annually to about 1,500 sudden releases of hazardous materials, petroleum and radiation from transportation accidents, explosions or fires, nuclear power plant incidents and more. Reviewing the environmental aspects of projects seeking Clean Ohio Fund money for site cleanups. Providing outreach and assistance to local governments seeking financial and technical assistance to clean up brownfields and revitalize local economies.

**Hazardous Waste** – Ensuring responsible handling and removal of hazardous substances from properties that are closing, thus preventing future contamination that can be caused when unguarded chemicals are left behind.

**Compliance Assistance and Pollution Prevention** – Providing free assistance to help small businesses understand and comply with environmental requirements. Helping businesses of all sizes reduce operating costs and impacts on the environment by preventing pollution.

**Lab Services** – Conducting lab analyses for drinking water, surface water, fish tissue and more. Interpreting lab data submitted to Ohio EPA's surface water, drinking water and cleanup programs. Advising on proper sample collection and preservation. Providing assistance to outside labs.

**Recycling and Litter Prevention** – Providing grants to communities for curbside and drop-off recycling programs. Promoting stronger markets for recycled materials and development of new technologies for the manufacture of recycled-content products. Supporting local partnerships with Ohio's recycling industry that provide 169,000 jobs in Ohio. Educating more than 1 million Ohio school children annually about recycling, litter prevention and waste reduction.



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