Fact Sheet:
ADFs & Other Economic Recycling Incentives

Types of Fees:

1. **Advanced Disposal Fees (ADFs):** The consumer or manufacturer pays for the disposal cost of hard to recycle products/materials (tires, batteries...) upon manufacture or purchase. The goals of ADFs include the following:
   - Internalize the disposal cost; places the financial responsibility of disposal with the consumer/manufacturer rather than the government/taxpayers
   - Provide an economic advantage to easy to recycle products/materials
   - Discourage illegal disposal

   In reality, ADFs are a catch-all phrase for many types of fees that are levied on the product before it is consumed. ADFs frequently are not used for disposal, nor may reflect the cost of actual disposal. For example, the $.25 ADF that consumers pay on tires in CA goes to the government for programmatic rather than disposal purposes (see below). The consumer additionally pays another disposal at the end of the tire's life.

2. **Tipping Fees & Surcharges:** The price to dispose of waste in a landfill, usually charged per ton.
   - While the name derives from the manner in which commercial haulers tip up the backs of their trucks to dump their loads, it applies to all deposits into the landfill.
   - Local jurisdictions can place **surcharges** on tipping fees to fund programs related to solid waste. An example is Alameda County's Measure D passed in 1990; it added a $6.00 per ton surcharge onto tipping fees, the purpose of which is to fund programs (education, market development, etc) related to waste reduction, reuse, and recycling.

3. **Disposal Fees:** Fees levied at the end of the product's useful life: the term is popularly used in two ways:
   1. Synonymous with tipping fees when collected at a landfill: eg, to dispose of your refrigerator properly in Sonoma County, it will cost you a $20 disposal (tipping) fee at the landfill, where the metal and freon are recycled.
   2. Fee charged by the retailer to take back a product fund proper disposal, as in the case of tires in California. For example, consumers are charged a $1-$5 disposal fee per old tire when their tires are replaced; the retailer then pays to have the tires picked up and brought to the proper facility.
   - The goal of disposal fees are to cover disposal costs of "special wastes" that are problematic to dispose of in landfills and/or are expensive to handle such as large appliances, products with freon or PCBs, yard waste, tires, etc.
   - Disposal fees may act as a deterrent to proper disposal.

4. **Deposit-Refund Systems:** Consumers pay a fee upon purchase and are reimbursed when they recycle or dispose of the product at a designated collection faculty. The goals of a deposit-refund system include the following:
   - Provide a financial incentive to recycle. States that have deposits on beverage containers experience a three fold increase in recycling
   - Generate revenue from unclaimed deposits for programs relating to such areas as waste reduction, reuse, and recycling, litter cleanup, and education.

- Reduce litter, which is the overt reason why CA was able to pass the Bottle Bill.

5. **Franchise Fees:** Cities that award exclusive franchises to businesses for city services (such as garbage collection) receive a percentage of the collection fees. These fees go into a city's general funds, may be used in related areas.
   - Franchise fees are not a direct incentive for recycling, although higher disposal fees may encourage recycling.
   - These fees can be used for waste reduction, reuse, recycling, and related programs.

6. **Quantity Based Residential Collection Fees:** Or, Pay As You Throw. The resident or business is charged according to the amount of waste collected, thereby realizing direct benefit from reducing their waste output.

Examples of ADFs levied in California:

used oil –
- Manufacturers pay 16 cents per gallon for oil sold in CA that is reimbursable when brought to the right facility after use.
- While referred to by most as an ADF, it is more of an deposit/refund than an actual disposal fee, as is it reimbursable. (Californians used to pay to dispose of oil.)
- Un-reimbursed funds are used for recycling education and collection programs. In CA, this adds up to several million dollars a year.

tires –
- Consumers pay a $.25 fee to the state per new tire which goes towards enforcement of current disposal laws, permitting, & market development.
- Consumers pay a disposal fee, usually between $1.50 and $5.00, to the retailer per old tire. Otherwise, there is a tipping fee at the landfill to dispose of them properly.

beverage containers –
- Consumers pay a deposit between 2.5¢ and 5¢ per container, and receive it back upon returning it to the appropriate center. In the CA Redemption System, both "processing fees" paid by manufacturers and deposits paid by consumers go to the state; the state in turn pays a "processing payment" to California recyclers (eg curbside pickup) and returns deposits to consumers who redeem their containers.
- Many other states have the consumer pay the deposit directly to the retailer, who returns it to the consumer when the containers are returned. Unclaimed deposits in some states are kept by the retailer, in others are collected by the state for program funding.

Who has the authority to levy a fee?

- Local jurisdictions have the authority to set tipping fees, to levy surcharges on tipping fees at landfills (landfills are locally, not state nor federally, owned), and to impose franchise fees.
- State government manages ADFs on tires and used oil (California Integrated Waste Management Board), and the beverage container redemption system (Department of Conservation, Division of Recycling).
- Federal government has the authority to do so, although federal ADFs do not exist.