



Massachusetts
Department
of
ENVIRONMENTAL
PROTECTION

f a c t s h e e t

Pay-As-You-Throw Basics for Municipalities

This fact sheet presents some of the benefits and challenges associated with implementing Pay-As-You-Throw, which the Department of Environmental Protection considers a primary vehicle for attaining the state's waste diversion goals.

About Pay-As-You-Throw

Also known as unit-based or variable-rate pricing, Pay-As-You-Throw (PAYT) is a system in which residents pay for each unit of waste discarded rather than paying a fixed fee per residential household.

It is equivalent to putting a price tag on each container of trash that is placed at the curb or taken to the landfill or transfer station for disposal. As residents pay directly for waste disposal services, they have a financial incentive to reduce their waste through recycling, composting, and source reduction.

Advantages

PAYT provides residents an opportunity to save money on their trash bills and promotes:

- **Fairness.** Residents pay only for the amount of trash they generate. Households generating less trash pay less than households that generate more.
- **Increased Recycling, Composting and Waste Reduction.** As residents come to understand that trash disposal costs more than recycling, they may be more likely to recycle and compost more and throw away less. Implementation of a PAYT program, in conjunction with a curbside recycling program, can increase a community's recycling rate between 20 and 27 percent. In addition, PAYT has shown to decrease a community's residential trash generation rate.
- **Improved Environmental Quality.** By diverting waste from disposal, PAYT programs extend the life of landfills, decrease air pollution from trash incinerators, and reduce the need for new disposal facilities. As communities turn to reuse, recycling, and composting, natural resources, such as land, air, and water, are protected and preserved.

Types of Programs

There are three varieties of PAYT programs currently in use in Massachusetts. The systems are not mutually exclusive and can be combined to meet a community's needs. The three systems are:

- **Imprinted Trash Bags.** Residents purchase colored plastic bags imprinted with the name or seal of the municipality. The price of each bag covers both the cost of the bag itself and part of the cost of waste collection, transportation and disposal. Waste haulers are instructed to pick up only the specially marked trash bags.
- **Stickers.** Residents purchase specially marked labels or tags and affix them to trash bags or barrels of their own choosing. Different colored stickers or different quantities may be purchased according to the volume of waste being disposed.

- **Barrel or Wheeled Cart.** This version of a PAYT program is similar to the imprinted trash bag option. Instead of purchasing bags, residents dispose of their waste into specially marked containers with a fixed pick-up charge for each one.

Covering Municipal Costs

PAYT programs generally involve a two-tiered pricing system that combines a flat fee and a unit-based fee. The flat fee provides revenue stability to a municipal program and ensures that the fixed costs of trash collection are covered. The additional unit-based fee provides financial incentive for residents to recycle and compost more.

With any new program, issues will arise that need to be considered and addressed before implementation. Most prominent among them are likely to be:

- **Public Perception that the Fee is a Tax.** It is possible that residents may perceive the unit-based pricing program as a new tax. To avoid this perception, communities should consider making their programs revenue-neutral, by reducing property taxes or flat fees by the amount that unit-based fees are expected to generate. As a result, residents do not view PAYT fees as taxes.
- **Adverse Effects on Low-Income Households.** Because PAYT fees for trash service represent a higher percentage of a low-income family's income, steps should be taken to minimize the impact on these households. Just as electric, gas, and water utilities provide special rates for low-income users, a PAYT program may also include lowered rates for residents who demonstrate hardship.
- **Increases in Illegal Dumping.** Many solid waste managers have expressed a fear that residents may resort to illegal dumping in commercial waste bins or public trash cans if charged a fee for waste disposal. Studies of communities in Massachusetts and around the nation with PAYT programs indicate that increased illegal dumping is NOT a problem in most communities.
- **Higher Administrative Costs.** With any new program, additional staff time may be needed for planning and start-up. However, these costs are generally recovered in the long run through savings associated with increased recycling and reduced waste disposal.

Building Public Support

Public acceptance and support are the most important components of a successful unit-based pricing program. Key players from the municipal government and from the community at large must be involved from the beginning of the planning process.

Taking the time and committing the resources to build support within both the government and community will minimize confusion about the program from the beginning. Here are a few suggestions about how to gather support in your community:

- **Sell the Program to Key Decision Makers.** Begin by gaining the support of local officials. Prepare briefing documents that analyze costs and address potential concerns, and develop a number of program options from which decision makers can choose. Once support among key decision makers has been established, build community awareness and support for the program.

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Produced by the
Bureau of Waste Prevention,
October 2008.

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(617) 574-6872.



- **Gather Public Input.** Community awareness and support is a key to the ultimate success of PAYT programs. Without public support, a PAYT program has less chance of being accepted. After all, the citizens make the program work by following the rules. Comments should be solicited from the public to help identify misperceptions about the program and reasons for opposition, and to inform program planners of current public opinion. Public meetings also are important for providing an additional avenue for residents to voice their concerns and raise issues.
- **Educate the Public.** The final step in the process of building local support for unit-based pricing is to address the public's concerns and misperceptions. Provide program specifics and offer information on waste reduction and recycling. If residents believe the pricing structure is arbitrary and are unaware of ways to reduce their costs, the program is likely to fail.

Additional Information

Visit the MassDEP web site: <http://www.mass.gov/dep/recycle/reduce/paytfact.htm>

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