Charging or Increasing Recycling Fees Does Not Impact a Community’s Levy Limit

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As the market for most recycled material is drying up and prices have plummeted, many municipalities are struggling to fund recycling programs. What options do municipalities have to pay for the cost of recycling, which is mandated by state law, when recycling programs are unable to recover as much of the cost from the sale of recyclables as in the past? Municipalities across the state are dealing with this question. The City of Waukesha, for example, was recently informed by the county that its share of revenue from the county’s sale of recycled materials may drop by $300,000 next year.

Levy limits make it difficult for communities to turn to the property tax to fill the budget hole caused by reduced earnings from the sale of recyclables. However, one option municipalities may want to consider, which would not affect a community’s allowable levy, is charging or increasing an existing fee for collecting recyclables. Wisconsin municipalities have broad authority under Wis. Stat. sec. 66.0627 to charge for services like recycling. The state’s recycling law clearly contemplates municipalities and other responsible units may charge for recycling services and many communities do. See, for example, Wis. Stat. sec. 287.093 (Recycling Fee Liens).

While it is true that if a municipality adopts a new fee or a fee increase for garbage collection services (which were partly or wholly funded in 2013 by property tax levy), the municipality must reduce its levy limit by the amount of revenue from the new fee or fee increase. This requirement does not apply to recycling fees. The Department of Revenue (DOR), which oversees municipal compliance with the levy limit law, interprets the term “garbage collection” in Wis. Stat. sec. 66.0602(2m) (b), to not include recycling. Therefore, if a community adopts a new recycling fee or increases an existing recycling fee, there is no requirement that it reduce its levy limit by the amount of recycling fee revenue it collects.

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