



Commercial Solid Waste Operator Franchise Frequently Asked Questions

Q: What is the commercial solid waste operator franchise?

A: Chapter 39 of the City of Houston Code of Ordinances (“Code”) makes it unlawful for any commercial solid waste operator to collect, haul or transport solid or industrial waste from commercial properties located within the City without first having obtained a franchise.

Q: How do I apply to obtain a Commercial Solid Waste Operator Franchise?

A: Applicants must complete and submit the following documents to Stephanie Knoppe by email (stephanie.knoppe@houstontx.gov) or fax (832-393-8517):

1. Application for Franchise Related to Commercial Solid Waste Operators:
<http://www.houstontx.gov/ara/regaffairs/franchise/solidwasteapplication.pdf>;
2. Copy of the documents establishing the business; and
3. Copy of Certificate of Liability Insurance.

Q: How much is the franchise fee?

A: The Code requires a franchisee to remit fees to the City equal to 4% of the operator’s applicable gross revenues. Included, but not limited to, in gross revenues are actual pickup costs, rental of dumpsters/roll-off containers and fuel surcharges.

Q: When do I remit the fees to the City?

A: Franchise fees are remitted quarterly to the City’s Administration and Regulatory Affairs Department Franchise Section. You will receive a remittance notice at the end of each calendar quarter that must be filled out and returned with payment. Payments are due 45 days after the close of the quarter. Failure to make a payment is grounds for termination of the company’s franchise.

Q: Are revenues earned from churches and other tax exempt organizations exempt from the franchise fee?

A: No. Only revenues earned from residential properties and from the City of Houston are exempt from the franchise fee. The tax-exempt status of your client has no bearing on this ordinance as the franchise fee is imposed on your firm and not the end-use client.

Q: Are revenues earned from schools and other governments exempt from the franchise fee?

A: No. School districts, hospital districts and other government agencies are not exempt. Only revenues earned from residential properties and from the City of Houston are exempt from the franchise fee.

Q: Are revenues earned from hauling materials to be recycled subject to the franchise fee?

A: No. Recycled material, by definition, is not solid waste and, as such, is not subject to the franchise fee. However, we still recommend that recycled material haulers be franchised for two reasons: (1) rarely is 100% of a load recycled and some part of the load will end up at a landfill; (2) police officers enforcing this ordinance may not realize that the load is material to be recycled and may issue you a citation for failure to display the franchise decal. We believe it is more convenient for you to have the franchise and the decal and submit a “zero” report each quarter than be subject to citations.

Q: Are revenues earned from residential customers (apartments, condominiums, townhomes, etc.) subject to the franchise fee?

A: No, Chapter 39 exempts revenues earned from residential properties from the franchise fee. However, we still recommend that residential haulers be franchised because police officers enforcing this ordinance may not realize that the load originated at a residential location and may issue you a citation for failure to display the franchise decal. We believe it is more convenient for you to have the franchise and the decal and submit a “zero” report each quarter than be subject to citations.

Q: Are revenues earned from assisted living centers (aka nursing homes) exempt from the franchise fee?

A: No. Although assisted living centers are the residence for their clients, they are considered commercial entities and, as such, revenues earned from those entities are subject to the franchise fee.

Q: Are revenues earned from the hauling of “liquid” waste exempt from the franchise fee because the waste is not a “solid”?

A: No. The definition of “solid waste” includes liquid waste such as from grease and grit traps.

Q: How will a customer or law enforcement know we are properly franchised?

A: All franchisees are required to conspicuously display on both sides of the vehicle the franchise decal. A franchisee is still subject to citation for failing to properly display their franchise decal.

Q: How are decals issued? Is there a cost?

A: Decals are issued to all franchisees in good standing at the end of the calendar year. You must be current on all payments for the previous 4 quarters to be considered in good standing. There is no cost for the decals.

Q: Are we allowed to pass on the franchise fee to our customers?

A: You may pass along the cost to the customer if you so choose. Please note that if you do pass along the cost, Section 39-116 of the Code reads as follows: "The operator shall reflect the franchise fee as a separate line item on the invoice from the operator to the customer".

Q: How do I know if a customer is in the city limits or not?

A: Many addresses listed as "Houston" are not, in fact, located inside the City boundaries. You may determine if a customer's location is within the City of Houston boundaries by visiting: <https://mycity.houstontx.gov/houstonmapviewer/>. Any property located within the **FULL** City Service Type is subject to the 4% franchise fee and the 1% City of Houston sales tax. Any property located within the **LIMITED** City Service Type is in a limited purpose annexation area is not subject to the franchise fee but is charged the appropriate 1% sales tax for that annexed district. Any properties located in the ETJ areas are not subject to either the franchise fee or any City sales tax.

Q: What is the appropriate sales tax for solid waste hauling services?

A: For all sales tax information please contact the State Comptroller's office at 1-800-252-5555 or via email at comptroller.help@cpa.state.tx.us.

Q: Who can I contact for additional information?

A: Please contact Stephanie Knoppe at 832-393-8534 or (stephanie.knoppe@houstontx.gov)