

Effluent Fees

Effluent fees or tax refers to the fee paid by a company or households to discharge waste to a sewer or emit polluting gases into air. As originally proposed, the fee would have been paid for the privilege of discharging to the environment because it deprives someone else of the use one would like to make of the environment. However, there is presently no fee structure which allows a company, municipality, or person to contaminate the environment above the levels set by water and air quality criteria and effluent and emission permits.

Essentially, the effluent fee system attempts to solve the problem economists refer to as the external diseconomy of water pollution. As long as water is considered a "free good," many users will not internalize the cost of their own water use; instead, these costs will be passed along to other users. The effluent charge system avoids this inequity. Discharging effluents into a stream implies the firms and localities downstream lose their access to clean water. The cost of clean water rises for them as water needs to be treated before being used. Besides, excessive effluent disposal severely threatens the marine life and ecosystem, which in its own adversely affects economy and human life. Effluent fees are an instrument for controlling pollution, designed to reflect the financial and economic costs imposed on society and the environment from discharging wastes and pollutants into water bodies in accordance to the widely accepted Polluter Pays Principle.

While the concept is sometimes called an effluent tax, or an emission tax, this nomenclature is not strictly correct. A tax is a general charge with no immediate returns of any kind for the payer like tax on tobacco and income tax. However a fee is a charge for a service rendered or damage sustained like a charge by the post office or for grazing on government land. Effluent fees are charged as a cost required for water treatment.

Fees are charged on the bases of simply being connected to a sewer and the types and levels of materials discharged to the sewer. For example, a municipality might charge all sewer customers the same rate for domestic sewage discharges below a certain flowrate. Customers discharging wastewater at a higher strength and/or flowrate would be assessed an incremental fee proportional to the increased amount of contaminants and/or flow. There are cases in which wastewater is collected and tested to ensure that it meets certain criteria (e.g., required level of oil or a toxic metal, etc.) before it is discharged to a sewer. If the criteria are exceeded, the polluting firm would be required to pretreat its effluent wastes. In other situations, it may not be possible to discharge to a sewer because the treatment facility is unable to treat the waste; for example, many hazardous materials must be managed in a different manner.

Effluent taxes force dischargers to integrate environmental concerns into their economic plans and operational procedures. The fees cause firms and agencies to re-think water

conservation policies, waste minimization, processing techniques and additives, and pollution control strategies. The objective of current public and regulatory agencies is to block any significant degradation of the environment. It appears to be too risky to allow pollution on a fee basis, even when the fees are high. Thus, in the foreseeable future, effluents to the environment will continue to be controlled by means of effluent limits, water quality criteria, and fines. However, the taxing of effluents to a sewer is a viable means of challenging industries to enhance pollution control measures and stabilizing the performance of downstream treatment facilities.

Faced with paying for the social cost of their discharges, they have three broad choices: to cease operations; to change their technologies and practices in order to reduce their pollution; or to carry on polluting and pay the charge. Though pollution charges give an incentive for the reduction of polluting discharges, most of the established schemes have the collection of revenue to finance pollution abatement programmes as their main aim.