

Taxes, user charges, and emission charges

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Criteria for assessing revenue sources

- Fulfillment of revenue requirements
- Administrative efficiency
- Equity/fairness of revenue instruments
- Political acceptability
- Conformity with general principles of international and national trade
- Sustainability
- Non-revenue benefits

Selected Attributes of Revenue Mechanisms

Instrument	Sustainability Issues	Revenue Principle(s)	Non-Revenue Benefits
Pollution Fees and Fines	Increase per unit rates and/or expand collection base to maintain revenues as pollution per facility declines	Damages Principle	High rates create incentives to reduce pollution or non-compliance violations
Natural Resource Taxes	Renewable versus Stock resources; indexing of nominal tax rates	Benefits Principle	Encourage improved efficiency and substitution of less expensive alternatives, recycling
Product Charges	Charge rate must be sensitive to changes in demand, GDP growth, and technological change	Damages Principle	High rates induce use of substitutes that create less pollution or waste
User Fees	Depends on availability of substitutes	Benefits Principle, Ability-to-pay	Users demand higher quality products (e.g., waste collection services, park facilities)