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THE WASTED POTENTIAL OF MUNICIPAL WASTE CHARGES IN SPAIN

Global Conference on Environmental Taxation
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This research was financed by:



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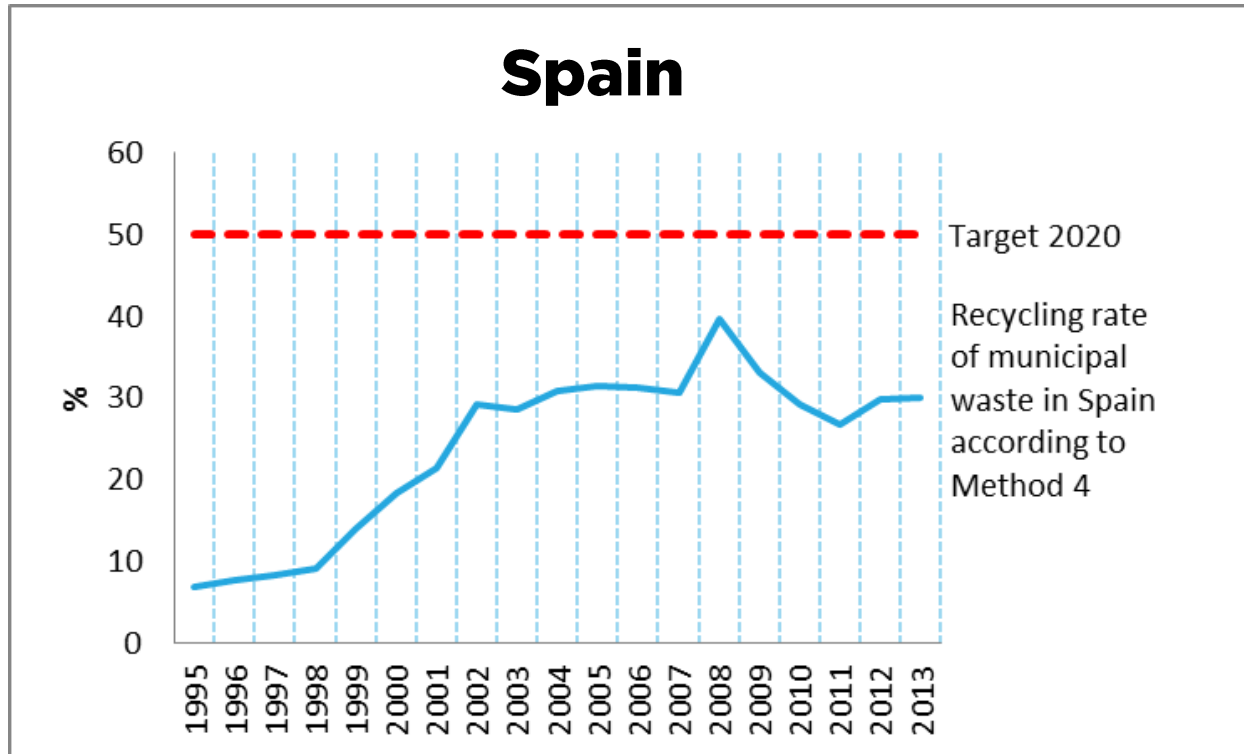


- 1. Context and legal framework**
- 2. Aim, methods and approach**
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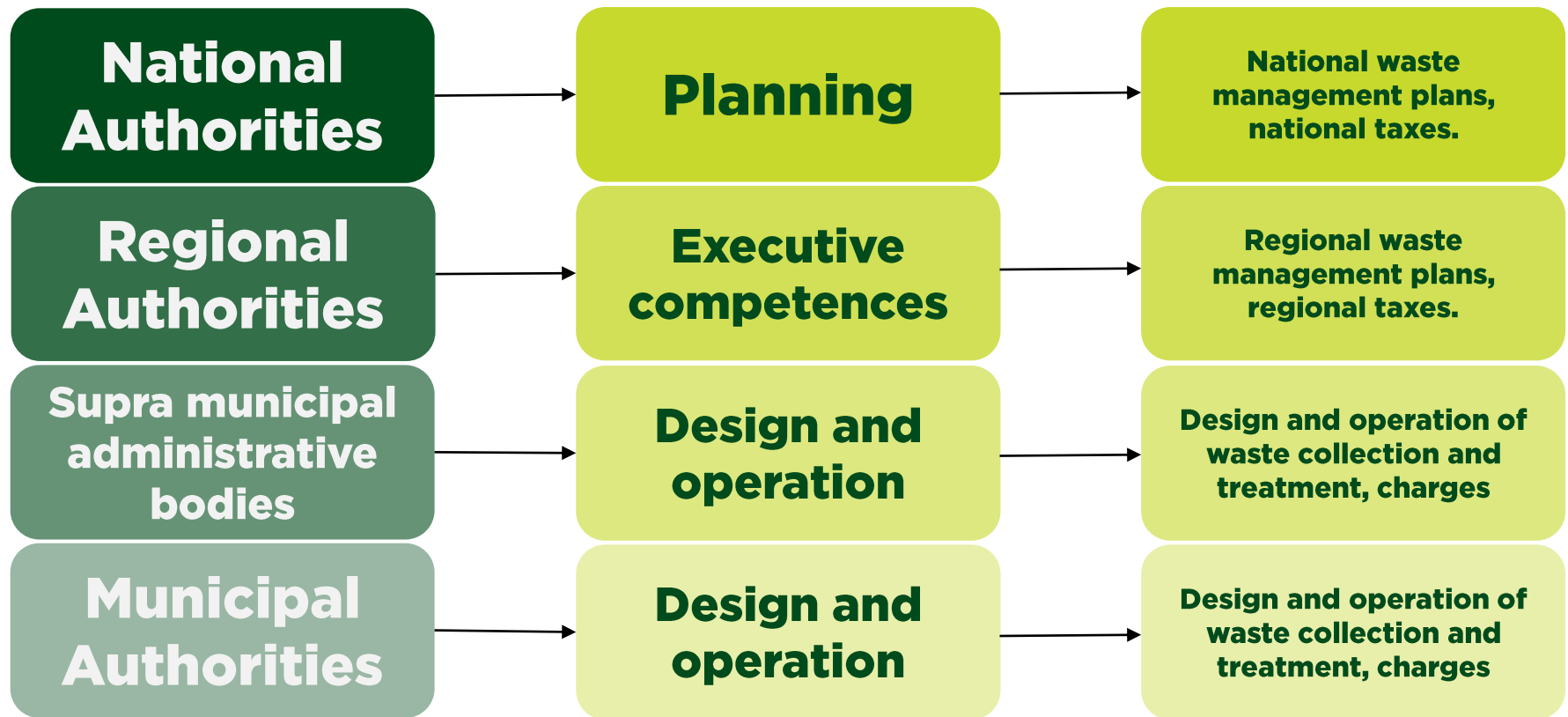
1. Context and legal framework

Waste Framework Directive:

Member States should prepare for recycling and reuse 50% of total municipal waste generated.



Spanish administrative organization (waste management): Multi-level governance scheme



Law Regulating Local Taxation

Possibility for local authorities to establish, among other taxes, fees for "municipal solid waste collection, treatment and disposal of these"

This amount "may not exceed, as a whole, the actual or estimated cost of the service or activity in question or, failing that, the value of the service provided"

The cost of these services is among the most expensive concepts within municipal budgets

**Alternative 1:
Municipal waste charges to cover the costs**

**Alternative 2:
No specific charge, cost are covered with revenues from other taxes (e.g. property taxes)**

LEGAL FRAMEWORK

In practical terms

Municipal Fiscal Ordinances regulating waste collection and/or treatment

**ORDENANZA FISCAL N° 25
REGULADORA DE LA TASA POR RECOGIDA DE RESIDUOS MUNICIPALES Y
TRATAMIENTO DE RESIDUOS SÓLIDOS MUNICIPALES.**

Taxable event

Tax payers

**Rates and
criteria**

Fiscal benefits

Management

2. Aim, methods and approach

- **Review and carry out a systematic characterisation of Municipal Waste Charges (MWCh) in Spain**
- **Evaluate the range of possibilities for a more environmentally oriented design of MWCh**
- **Discuss to what extent the potential of MWCh is being harnessed.**

- **Review a sample of Municipal Ordinances (125) regulating municipal charges on waste management**
- **Systematic characterisation of qualitative aspects of the ordinances**
- **Systematic characterisation of tax rates for households and commercial activities**

Discretionary sampling

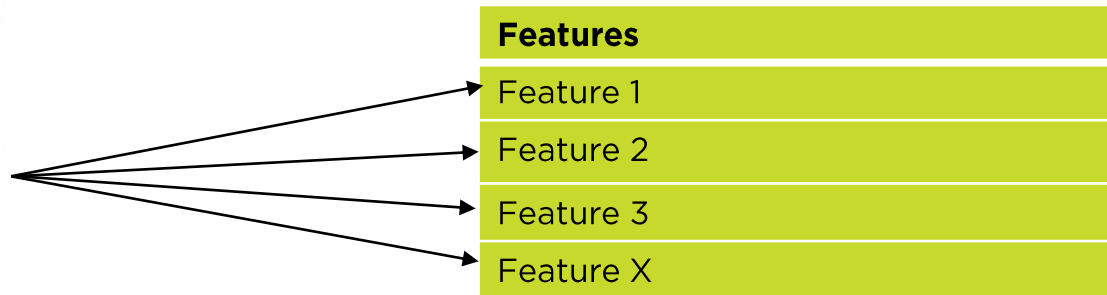
Group	Size range	Number of municipalities	Population	% over total population of the group
G1	<1.000	19	10.565	0,71%
G2	1.001 - 5.000	19	54.247	1,23%
G3	5.001 - 20.000	19	202.841	2,26%
G4	20.001 - 50.000	20	660.448	8,70%
G5	>50.000	48	15.052.336	60,97%
-	-	125	15.980.437	33,91%

- It includes all provincial capitals
- It includes at least one municipality of each Autonomous Community within each size range
- It is fairly representative in terms of population covered

- **Systematic characterisation of qualitative aspects of the ordinances**

Municipal fiscal Ordinance on waste collection and/or treatment

Codify the main features (taxable event, fiscal benefits, etc.)



ANALYSING MUNICIPAL ORDINANCES

Feature	Values
Name of the municipality	Name
Municipal code	Code
Sample, groups	G1: < 1.000 inh; G2: from 1.001 to 5.000; G3: from 5.001 to 20.000; G4: from 20.001 to 50.000; G5: > 50.000.
Presence of charge on waste collection and/or treatment	Yes/No
Management of the charge	Municipality/Supramunicipal bodies
Type of instrument	Municipal charge / Public price
Chargeable event	Collection/treatment/collection and treatment
Diferentiated rates for households and commercial activities	Yes/No
Diferentiated rates by type of household	Yes/No
Criteria for differentiation of the household rates	Description
Diferentiated rates by type of commercial activities	Yes/No
Criteria for differentiation of commercial activities	Description
Fiscal credits, reductions, exemptions	Yes/No
Fiscal credits, reductions, exemptions	Description
Tax rate for standard households (previously defined)	€/year
Tax rate for commercial activities (previously defined)	€/year

- **Systematic characterisation of tax rates for households and commercial activities**

Standardised households

Feature	Values
Cadastral value	€61,079
People living	2
Age	20-59
Area	75 m ²
Water consumption (m ³ /year)	100

6 standardised commercial activities

Type of activity	Area (m ²)	Employees	Other features	Water consumption (l/m ²)
Bakery	45	3	-	20
Clothing store	55	2	-	6
Mechanical workshop	120	5	-	6
Bar	60	6	-	60
Restaurant	100	7	50 seats	40
			10 tables	
Bank office	45	13		6

- **Systematic characterisation of quantitative aspects of the ordinances**

BOPB Butlletí Oficial de la Província de Barcelona Diputació Barcelona
Dimarts, 24 de desembre de 2014

ADMINISTRACIÓ LOCAL

Àrea Metropolitana de Barcelona

ANUNCI

Exp. 2808/14.

El Consell Metropolità de l'Àrea Metropolitana de Barcelona, en sessió de data 15 de desembre de 2014, ha acordat aprovar definitivament l'Ordinança Fiscal reguladora de les Taxes metropolitaniques de tractament i disposició de residus municipals de l'Àrea Metropolitana de Barcelona.

Contra aquest acord d'aprovació definitiva es pot interposar recurs contenciós administratiu davant la Sala del Tribunal Superior de Justícia de Catalunya, en el termini de dos mesos a comptar des de fent-se pública la publicació d'aquest anunci en el Butlletí Oficial de la Província.

Exp. 2808/14.

ORDENANÇA FISCAL REGULADORA DE LES TAXES METROPOLITANES DE TRACTAMENT I DISPOSICIÓ FINAL DE RESIDUS MUNICIPALS.

TMTR 2015.

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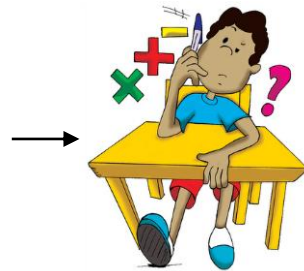
CAPÍTOL I. DISPOSICIONS GENERALS D'AMBLES TAXES

Article 1. Fonament i naturalesa
Article 2. Àmbit territorial d'aplicació de l'Ordinança

CAPÍTOL II. TAXA METROPOLITANA PEL SERVEI DE GESTIÓ DE RESIDUS MUNICIPALS GENERATS A DOMICILIS PARTICULARS

Article 3. Fet imposable
Article 4. Subjectes passius
Article 5. Tarifes de la taxa i regles per a la seva aplicació
Article 6. Quota tributària
Article 7. Bonificacions

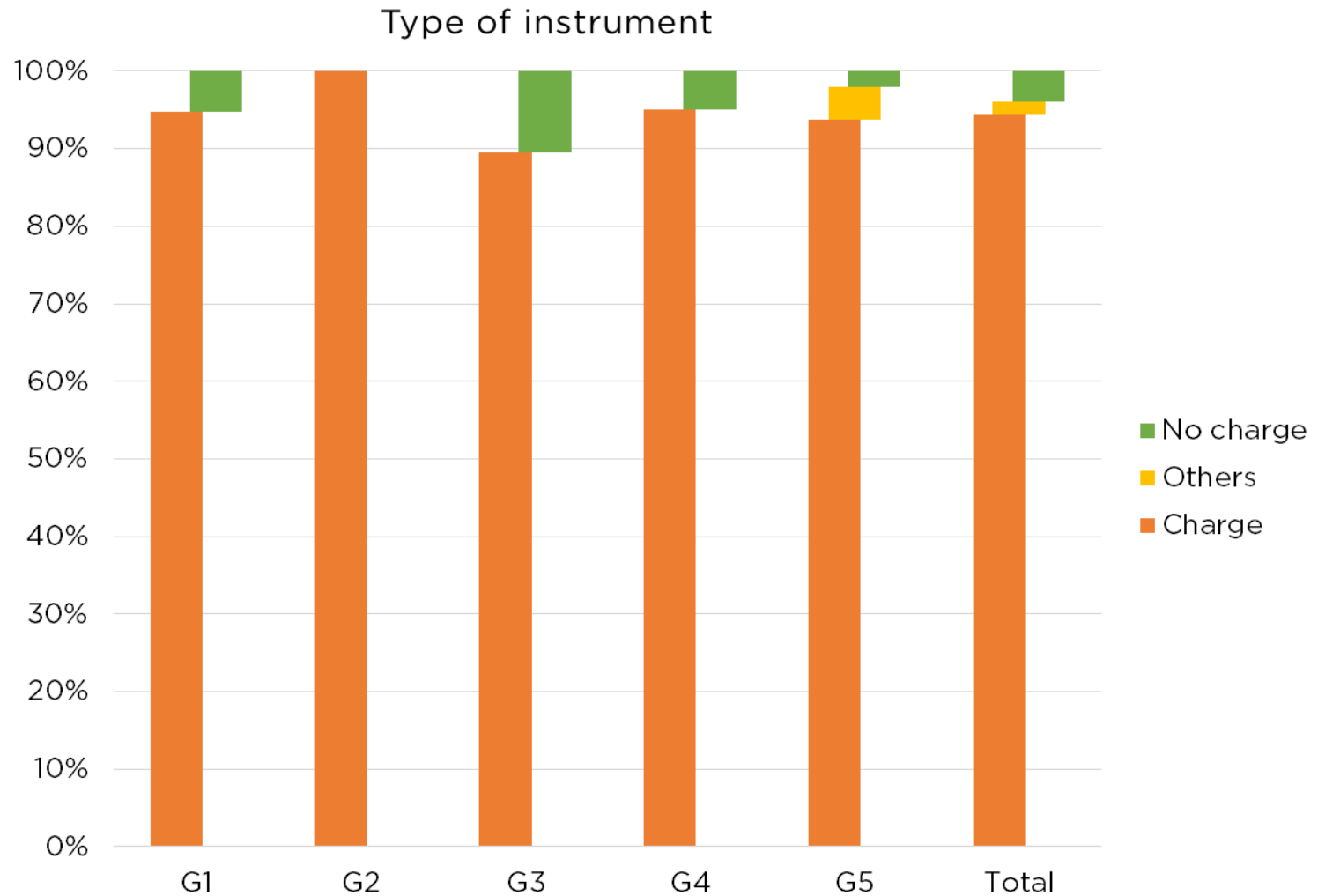
CAPÍTOL III. TAXA METROPOLITANA PEL SERVEI DE GESTIÓ DE RESIDUS MUNICIPALS O ASSIMILABLES ALS MUNICIPALS NO GENERATS A DOMICILIS PARTICULARS



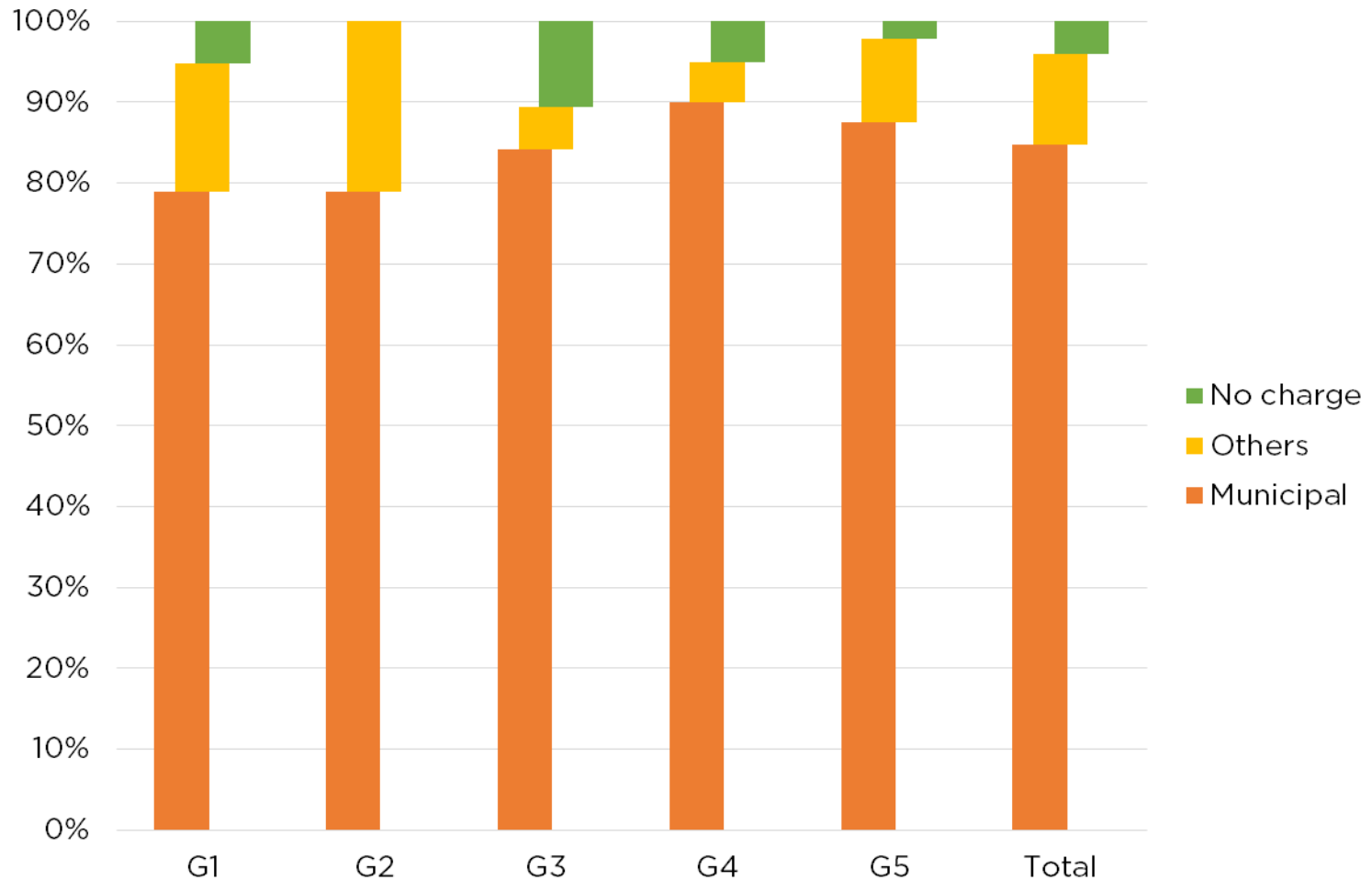
- Tax rates
- Household
- Commercial activity: type 1
- ...
- Commercial activity: type 6

3. Results

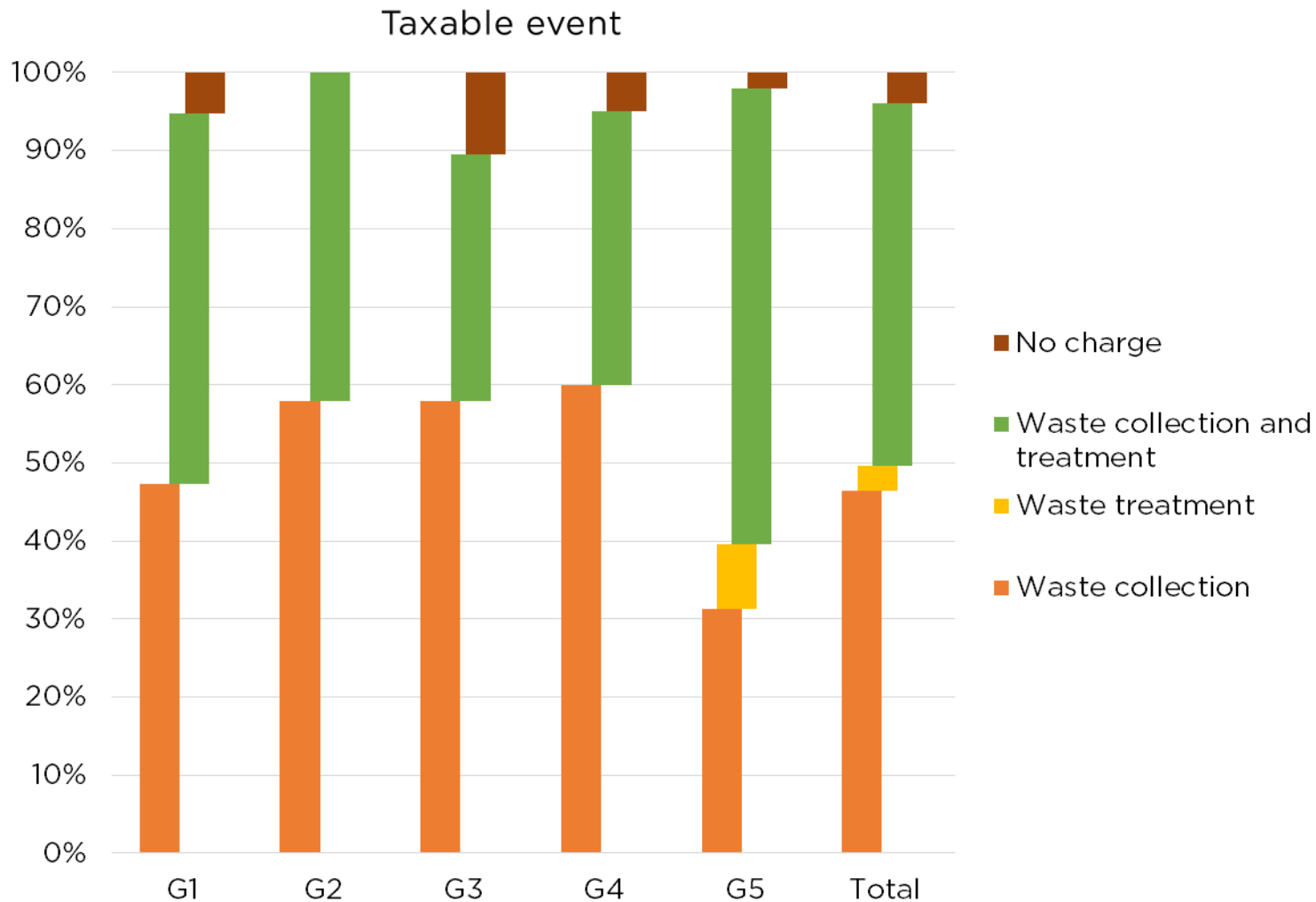
FREQUENCY OF TYPES OF INSTRUMENTS



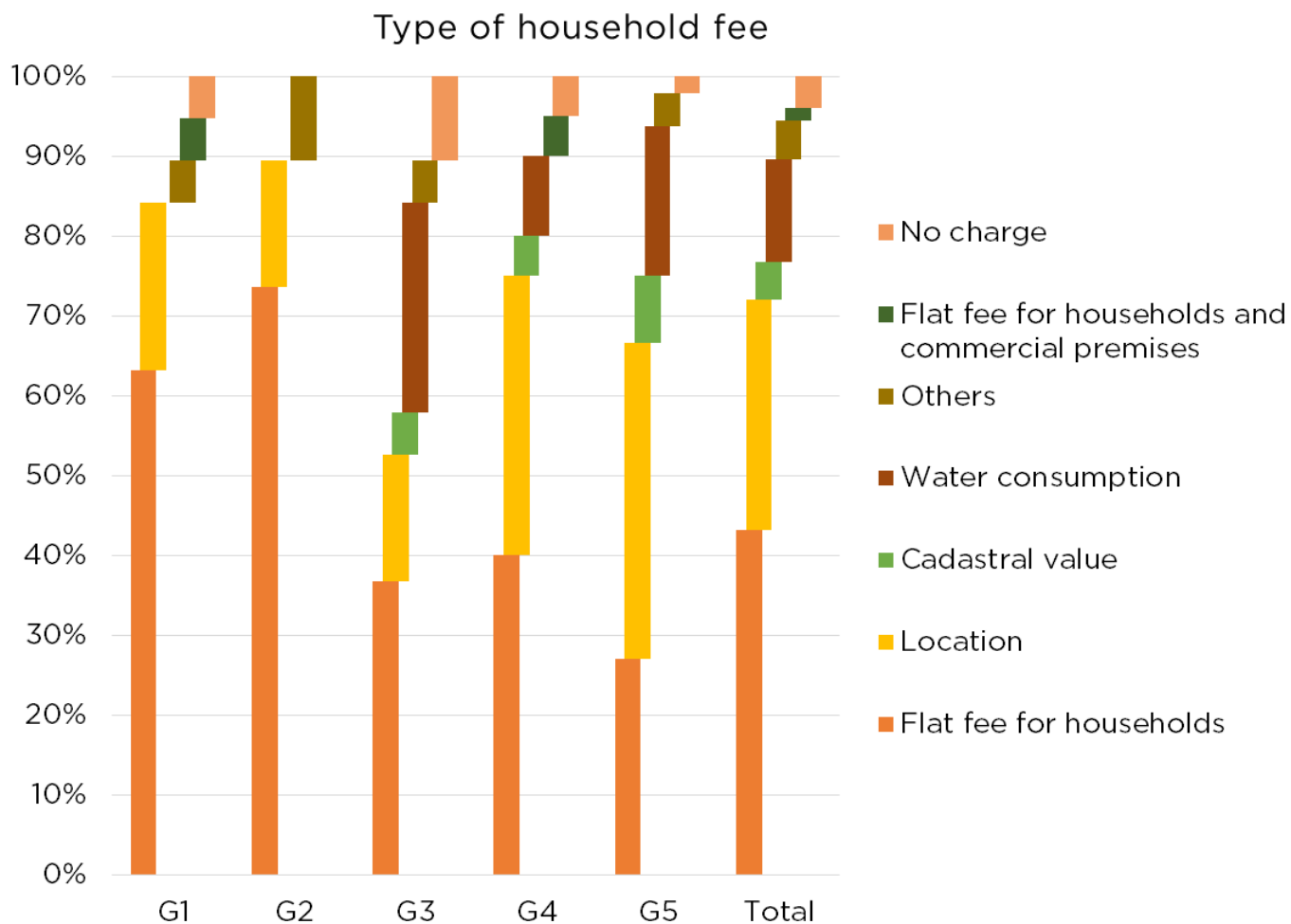
FREQUENCY OF TYPES OF TAX MANAGEMENT



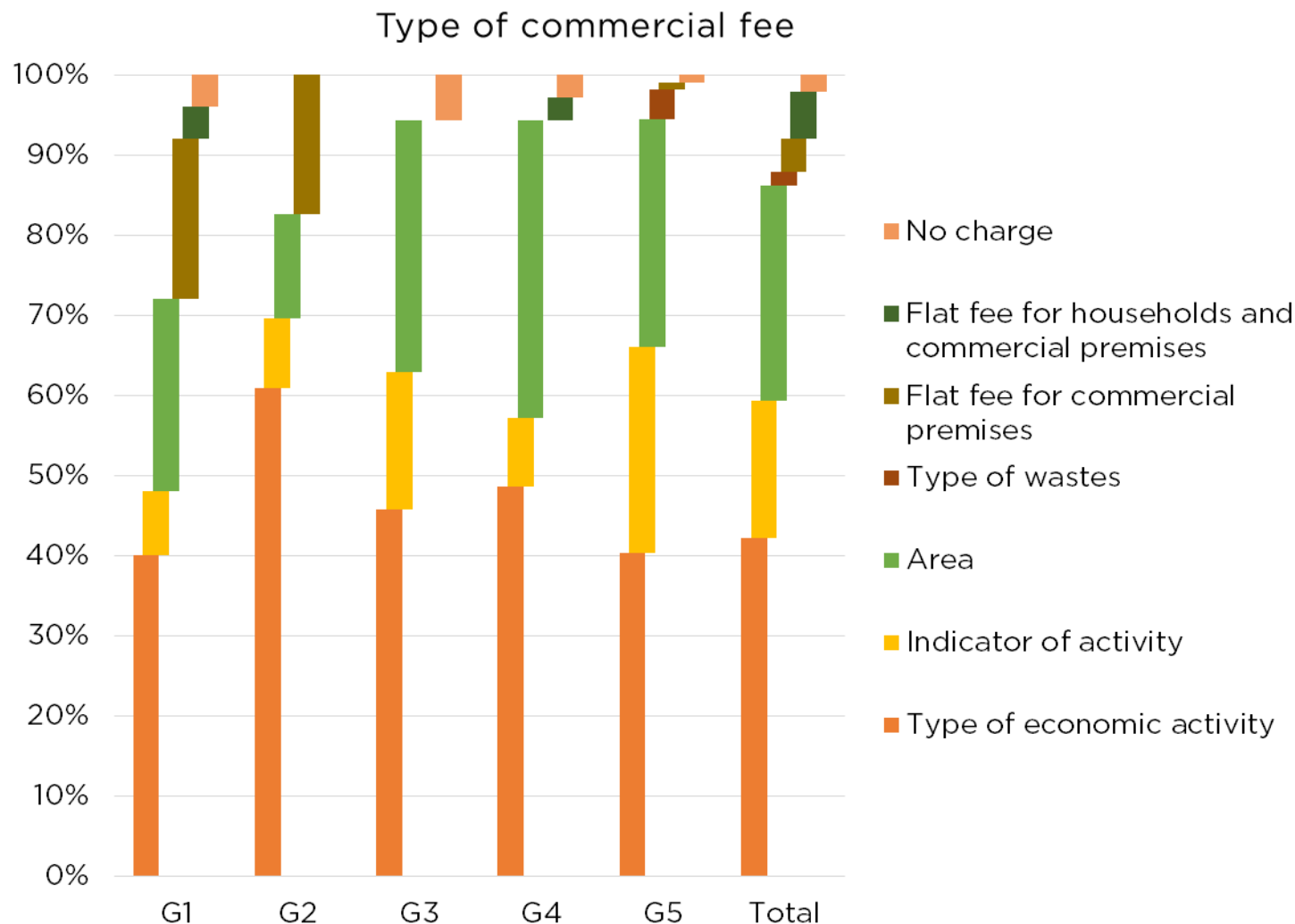
FREQUENCY OF TAXABLE EVENTS



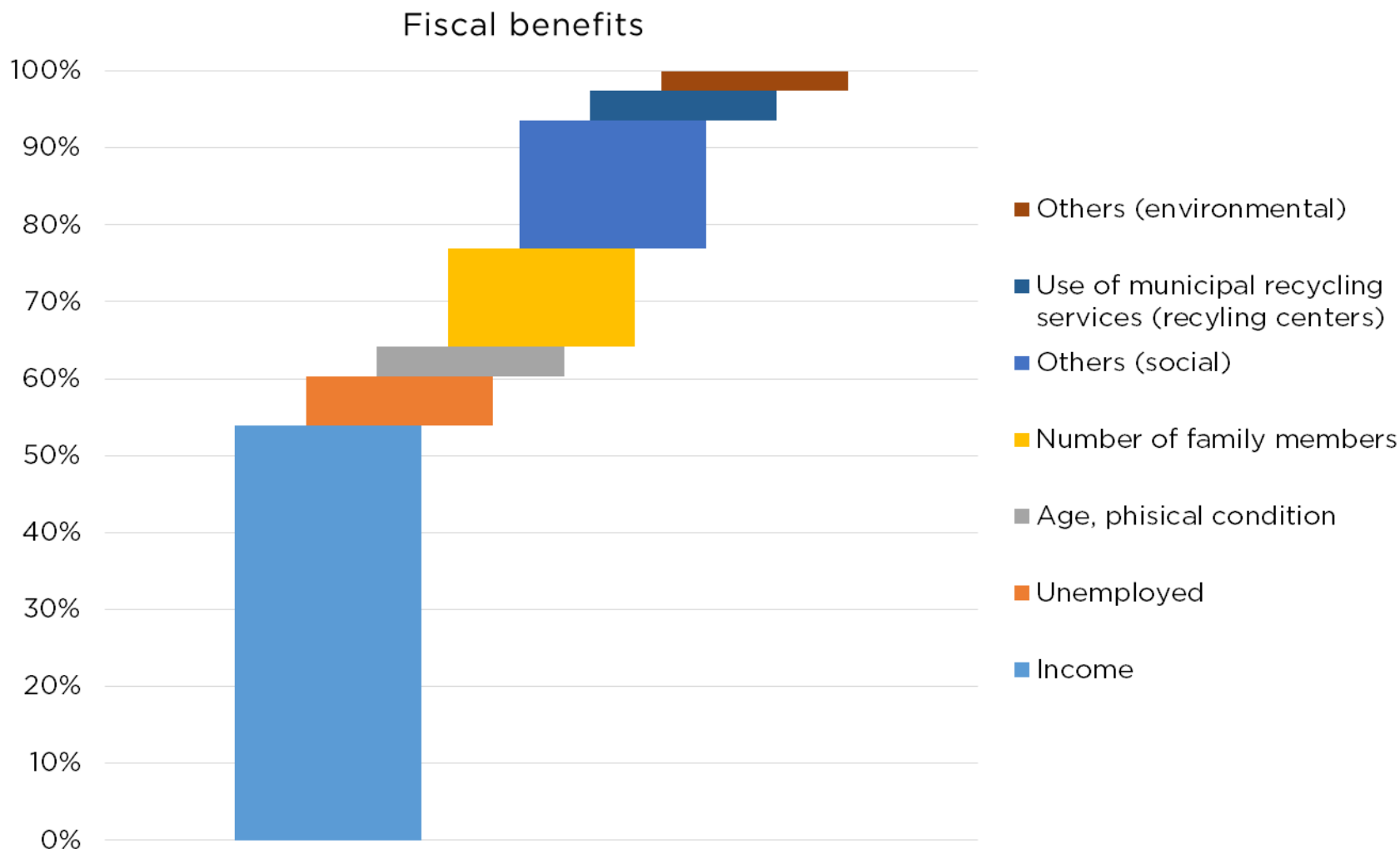
FREQUENCY OF CRITERIA FOR HOUSEHOLD FEES



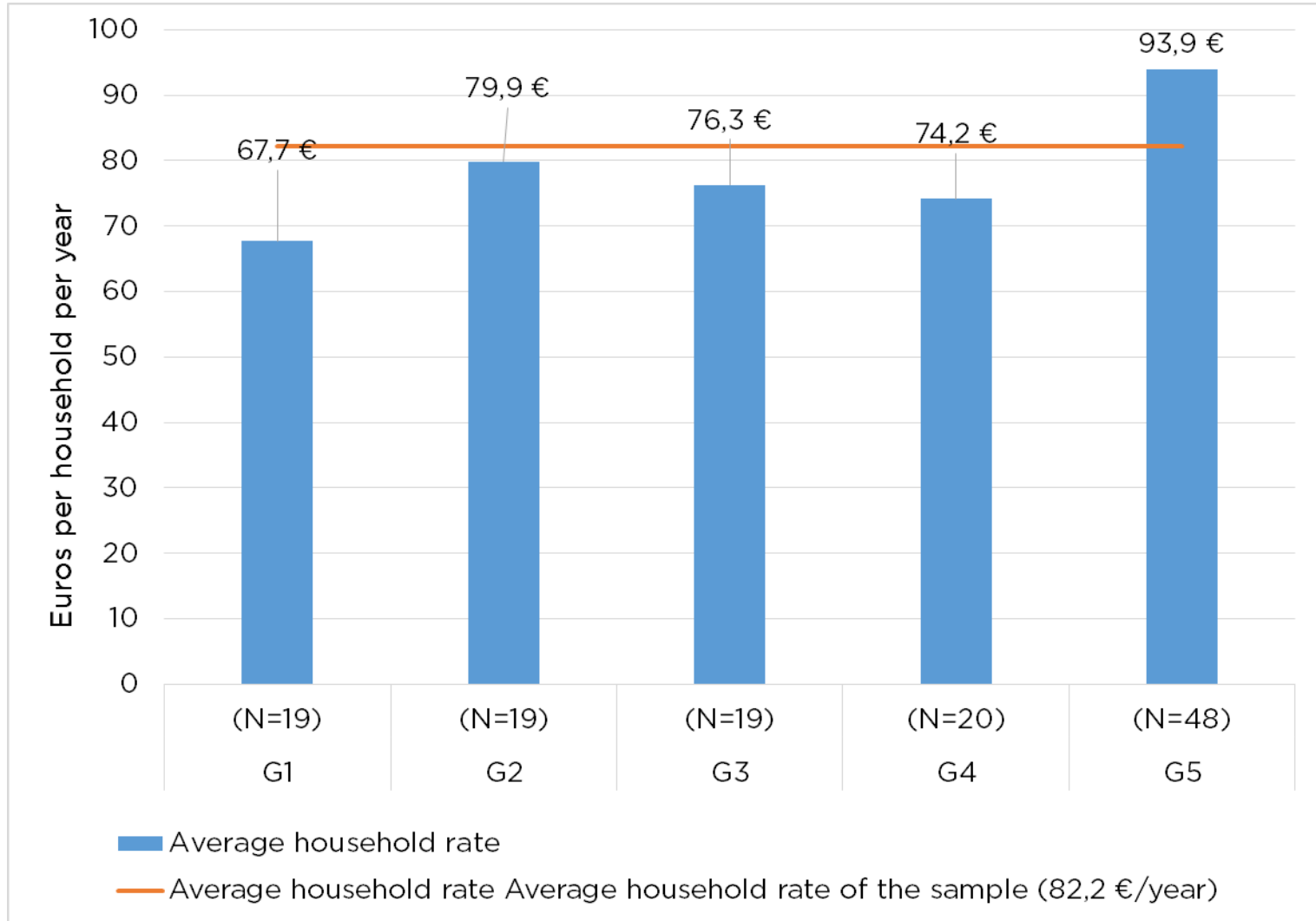
FREQUENCY OF CRITERIA FOR COMERCIAL FEES



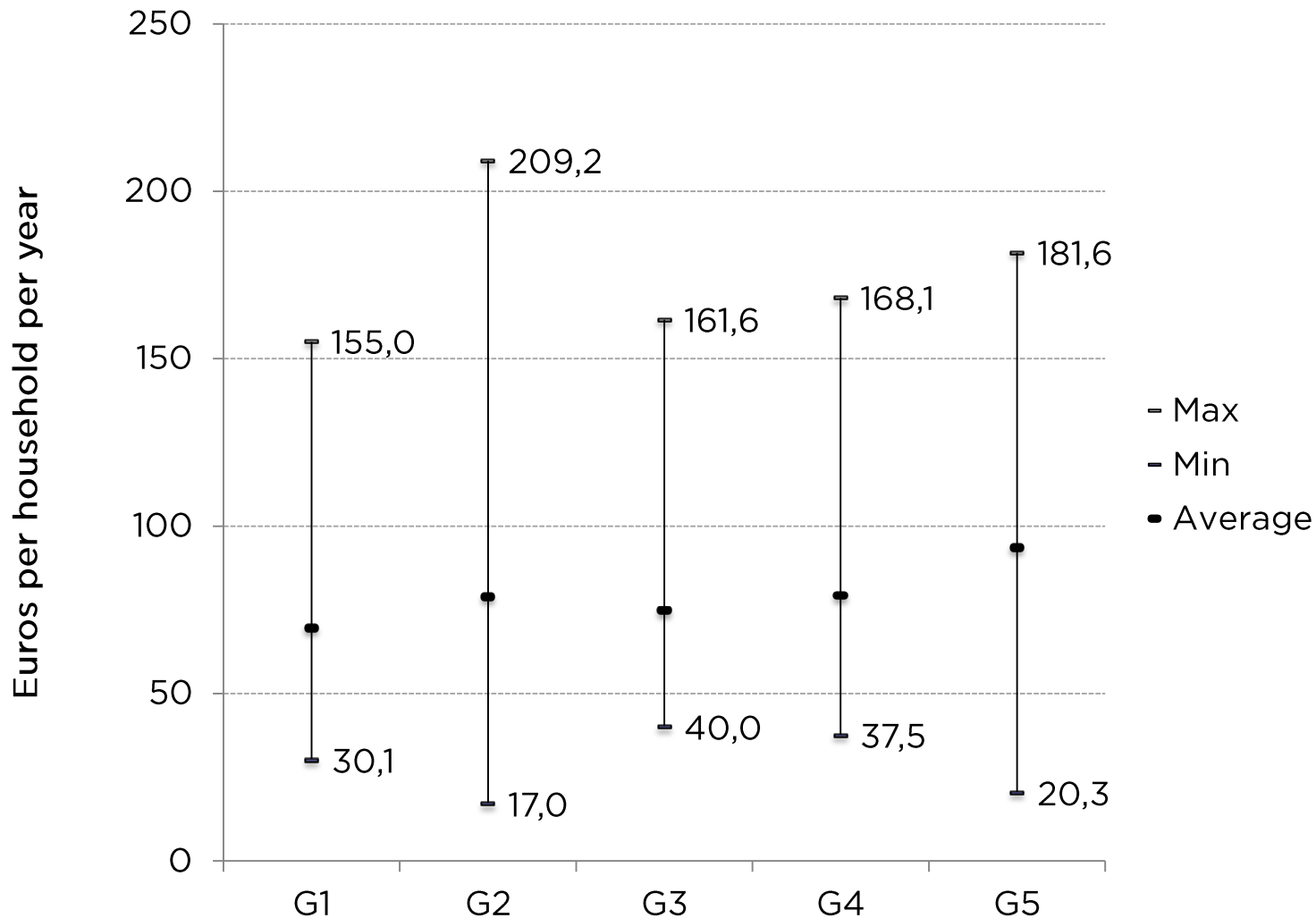
FREQUENCY OF CRITERIA FOR FISCAL BENEFITS



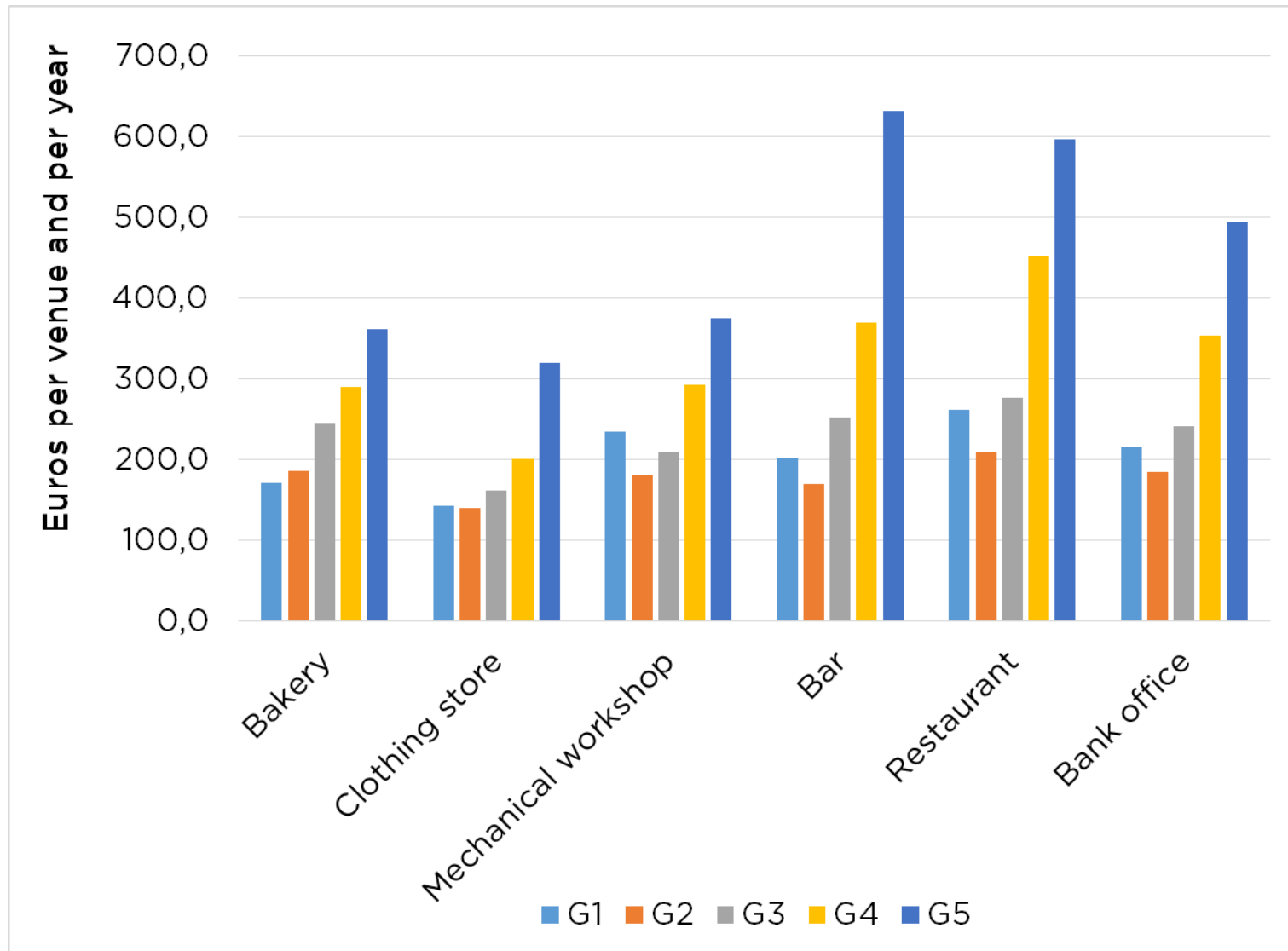
AVERAGE RATES FOR HOUSEHOLD



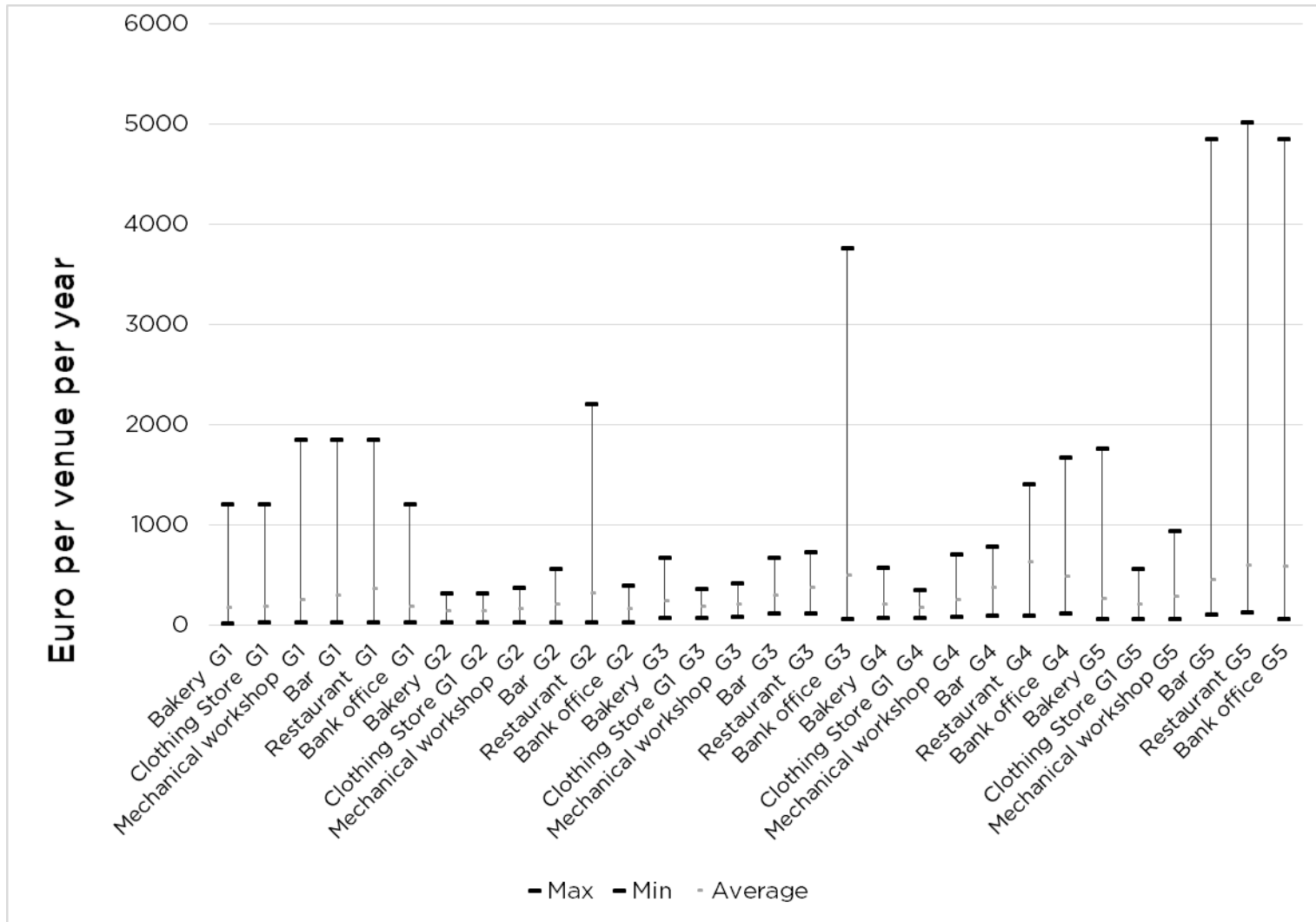
VARIABILITY OF HOUSEHOLD RATES



AVERAGE RATES FOR COMERCIAL VENUES



VARIABILITY OF COMMERCIAL RATES

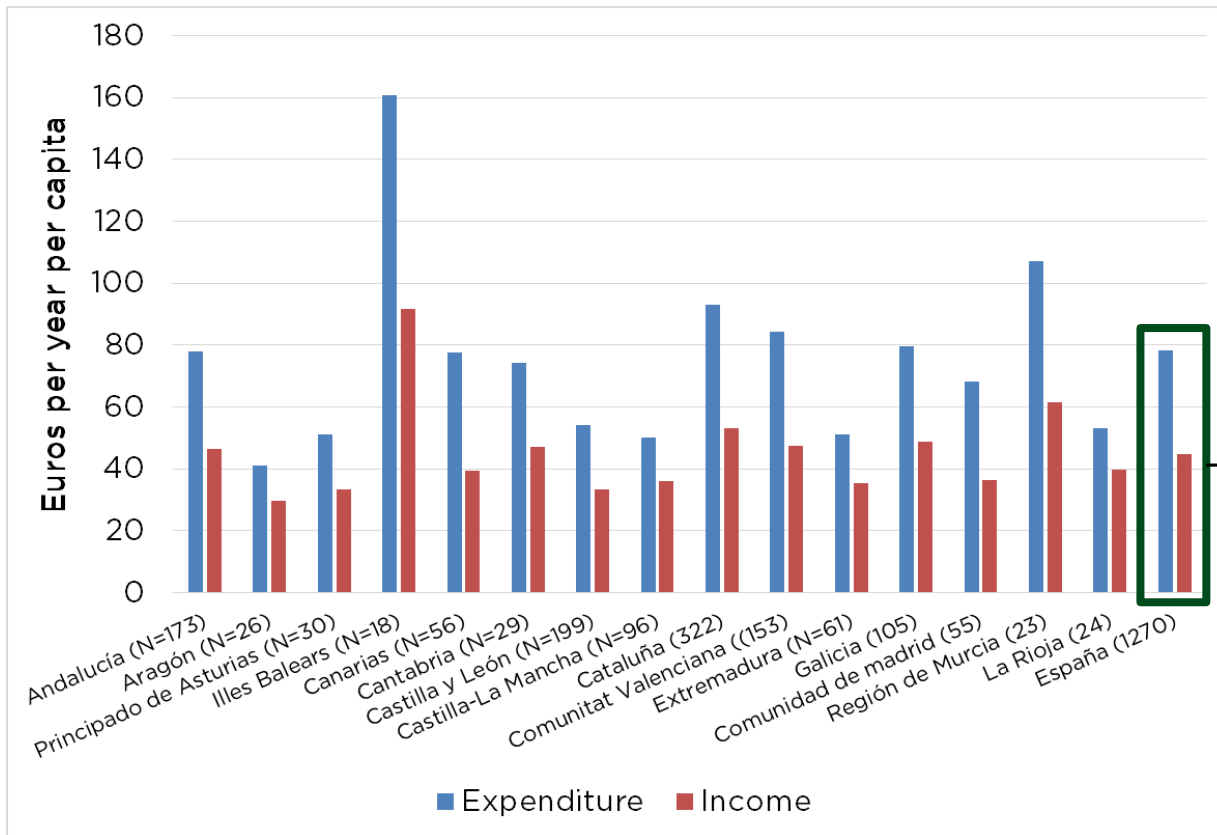


CHECKING AGAINST OTHER DATABASES (Ministry of Finance)



- **The Ministry of Finance has a database of the municipal budgets, including waste management expenditures**
- **The database does not address waste management data in a consistent manner, so only a subsample of the database could be analysed**

COST COVERAGE



Tax **revenues (from municipal waste charges)** per capita are consistent with our results (**€44,9** as compared to **€82,2** for households with 2 people)

Costs per capita are in average **€78,3**

Cost coverage in the subsample (N=1270 over 8000) is in average **57,3%**,

This database should be carefully assessed prior to be used for policy making

4. Conclusions

CONCLUSIONS

- **The legal framework allows for a flexible design of municipal waste charges**
- **MWCh are quite heterogeneous in their design, particularly regarding criteria for tax rates**
- **82 euros/household-year in 2015**
- **Revenues do not seemingly cover waste management costs at the local level**

CONCLUSIONS

Legislation allows for the inclusion of environmental and social criteria in the definition of tax rates and fiscal benefits, but:

Lack of environmental criteria **in the design of **tax rates** and **fiscal benefits****

Not related to waste generation

Not related to environmental friendly behaviours (use of municipal green/clean points)

Citizens carrying out proper source separation of waste are subsidizing those not making the effort. The only exception -PAYT- still marginal.

-> unfair from a social, economic and environmental point of view

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**Thanks for
your attention**

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