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THURSDAY, APRIL 28, 2011

"Whaddaya mean it's not a tax?"



During Tuesday night's [Sewer District rate information public meeting](#) in Cleveland, Alexandra was in the audience [posting her comments on Twitter](#) and directed one tweet at our [@neorsd](#) account after our speaker clarified that sewer rates are fees, not taxes: "WHADDAYA MEAN IT'S NOT A TAX?"

The terms tax and fee are often confused or used interchangeably, but there is a difference.

Blogger David Alpert posted a fine clarification of his own in [2009](#), and it applies similarly to the District's sewer rates:

What's the difference? A **tax** takes a cut of some other transaction for the purposes of raising revenue that's not connected to the activity being taxed. A **fee**, on the other hand, is a charge connected to the actual direct governmental cost of the activity. For

example, the sales tax doesn't just recoup the city's direct expenses that result from having sales take place. Revenue from the property tax funds a variety of programs, not just services to property owners. But if property owners paid a direct charge that went to trash collection from their property, we could call that a fee.

The District's sewer rates are a fee rather than a tax because they are charged for the actual cost of service to our customers: operation and maintenance of the Sewer District's facilities and assets to provide wastewater and stormwater management.

In the end to many customers, bills are bills, and we understand that calling them "higher taxes" or "higher fees" doesn't change that bottom line. But when it comes to context and consistency, the difference matters.

POSTED BY NORTHEAST OHIO REGIONAL SEWER DISTRICT AT 4:00 PM
LABELS: DID YOU KNOW, FEE, RATES2012, TAX, TWITTER

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