

Central European Review of Economics & Finance

Vol. 27, No. 5 (2018), pp. 37–52

DOI: 10.24136/ceref.2018.025

Received: 9 September 2018. Accepted: 10 October 2018.

Małgorzata OFIARSKA¹

LOCAL AUTHORITIES' FUNDS AS SOURCES OF REVENUES OF THE METROPOLITAN ASSOCIATION

The objective of the study is to analyse and evaluate the legislation in force governing the sources of revenues of metropolitan associations. The statutory catalogue of the sources of revenues of metropolitan associations includes funds derived from local authorities that, to a limited extent, may be influenced by the bodies of metropolitan associations or the bodies of member municipalities. In the course of research, with the application of the dogmatic-legal method supplemented with an empirical-analytic method, the following hypothesis has been verified: a potential lack of relevance of funds, in static terms, with respect to the scope of public tasks of metropolitan associations as provided for by the Act may be adjusted jointly by their bodies and their members. The principles of the amounts and collection of subscriptions from the municipalities in the Górnośląsko (Upper-Silesian)-Zagłębiowska Metropolis, the proportion of personal-income tax receipts from natural persons residing within said municipalities, and the procedure under which subsidies are made from municipality budgets to metropolitan association budgets have been presented. It has been determined that the main source of revenues is the proceeds of personal-income tax. Subscriptions have been found to be of supplementary importance, whereas subsidies from municipality budgets have not been recorded.

Keywords: metropolitan association, metropolitan association's revenues, metropolitan association's budget.

JEL Classification Codes: H70, H71.

¹ Doctor of law, Head of the Department of Local Government Law, Faculty of Law and Administration, University of Szczecin, Poland.

Introduction

The statutory structure of a metropolitan association in the Republic of Poland has been applied since 1st January 2016. Initially, the binding law was the Act on metropolitan associations dated 9th October 2015 (hereinafter AMA), superseded by the Act on the metropolitan association in the Silesian Province dated 7th April 2017 (hereinafter AMASP). The former law was designed as a universal legal act to set forth the procedure for the establishment and the principles of operation of a larger number of metropolitan associations. The latter law, currently in force, is incidental (one-time) in nature as it stipulates the rules and the procedure for the establishment and the principles of operation of one (concrete) metropolitan association situated in the Silesian Province. The above idea was explicitly formulated by project's authors in the grounds to the draft law stating that it was dedicated to the metropolitan area that would function within the Silesian Province. At the same time, the Upper Silesian metropolitan area is one of the best developed functional areas, where regulations referring to legal forms of cooperation between local authorities have been successfully implemented².

The law in force pursues the concept of a metropolitan association as a federation of municipalities which feature strong functional relations and advanced urbanisation processes and which are located across spatially coherent areas of a relatively large total population. In the case of the metropolitan association in the Silesian Province, it has been assumed that the total number of residents should be no less than 2,000,000, whereas the previously binding law on metropolitan associations set the minimum number of residents at the level of 500,000. The doctrine highlights the fact that metropolitan associations may be effective forms of coordination and coherent management of large urban organisations and their impact zones (Jaworska-Dębska, 2017, p. 239), strengthening the capacity to perform certain public tasks (Szlachetko, Borówka, 2016, p. 94).

Pursuant to a delegation included in Article 4 AMASP, the Council of Ministers issued a regulation (Regulation dated 26th June 2017) under which a metropolitan association was created in the Silesian Province, its name and the seat of association's authorities were established, and its area and limits were delineated by listing the municipalities it would be composed of (as of 1st day of September 2018 the metropolitan association consisted of 41 municipalities, and the seat of its authorities was Katowice). Within the meaning of the Act on public finance dated 27th August 2008 (hereinafter APF), the metropolitan associations is an organisational entity in the public finance sector, whereas the provisions of the said law pertaining to local authorities apply to metropolitan associations accordingly. The fact that such a solution was adopted stems from the

²The substantiation document to the draft law on the metropolitan association in the Silesian Province – form no. 1211 of the Lower House (Sejm) of the Republic of Poland, 8th administration.

lack of separate regulations in the Act on public finance which would explicitly address metropolitan associations.

A metropolitan association is a separate legal entity that is equipped with legal personality and distinct from the local authorities which create it. The separation of a metropolitan association is determined, in statutory and other terms, by the catalogue of the public tasks it performs on its own behalf and at its own responsibility (Ofiarska, 2016, p. 35). Proper performance of these tasks requires necessary funds the value of which should correspond to the set scope of tasks. The legislator has not provided for a universal principle of relevance of means and tasks with respect to metropolitan associations. In this respect, only a residual version is available, i.e. one which accounts for potential amendments to the statutory catalogue of tasks of metropolitan associations. Pursuant to Article 45 AMASP, statutory assignment of new tasks to metropolitan associations requires a provision of funds needed for task performance by an increase in revenues. Due to the fact that a metropolitan association is not a local authority, the constitutional principle of relevance, in static terms, laid down in Article 167(1) of the Constitution of the Republic of Poland dated 2nd April 1997, may not be applied thereto. According to this principle, the share in public revenues provided by local authorities corresponds to the tasks entrusted. On the other hand, the rule presented in Article 45 AMASP is a form of reception of the relevance principle in dynamic terms, laid down in Article 167(4) of the Constitution of RP, determining that any changes in the scope of tasks and competencies of local authorities are made along corresponding changes in the distribution of public revenues.

The objective of the study is to analyse and evaluate the legislation in force governing the sources of revenues of metropolitan associations. The following hypothesis has been verified: any potential lack of relevance of funds, in static terms, with respect to the scope of public tasks of metropolitan associations as provided for by the Act may be adjusted jointly by their bodies and their members. However, due to metropolitan association's characteristic features allowing a bottom-up intervention without the need to amend the provisions of the act, adjustment is possible only with the use of some sources of revenues of metropolitan associations. The methods used in the study are dogmatic-legal and empirical-analytic (above all to present selected judgments of administrative courts with respect to the manner of managing selected sources of revenues of metropolitan associations).

General Characteristics of the Sources of Revenues of the Metropolitan Association

The legislator's intention was to make the Act on the metropolitan association in the Silesian Province complex (complete) in nature, i.e. the one which governs all areas of activities of this entity. Therefore, the law has also been fitted with regulations concern-

ing the sources of revenues of the metropolitan association. The former act on metropolitan associations did not contain any such provisions, and an attempt to address the issue was not fully successful. Suitable amendments to the Act on the revenues of local authorities dated 13 November 2003 were made by an addition of Chapter 7a entitled Revenues of metropolitan associations, subject to Article 67 AMA. Nonetheless, as the title of the above law remained the same, a discord between the law's title and the material scope thereof developed (Ofiarska, 2017, p. 234). In accordance with the act's title, it laid down local authorities' revenues only. Still, in the amended Article 1 of the same law, paragraph 2 was added, setting forth also the sources of revenues of metropolitan associations, and arranging for the level and collection of revenues. Thereby, metropolitan associations became formally included in the revenues regulation system of local authorities (Ważny, 2016, p. 225).

Following the entry into force of the provisions of the Act on the metropolitan association in the Silesian Province, the above mentioned amended provisions of the Act on the revenues of local authorities were repealed. One may think of this action in positive terms, as the metropolitan association does not have the status of a local authority, which was settled by the provisions of the Act on the implementation of a three-tier basic division of the country's territory dated 24th July 1998. Moreover, other legal acts have certain regulations introduced which list local authorities and metropolitan associations as distinct legal entities, such as Article 3 of the Act on spatial planning and spatial development dated 27th March 2003, Article 9 of the Act on public finance, Article 1 of the Act on audit offices dated 7th October 1992.

The catalogue of the sources of revenues of the metropolitan association laid down in Article 51 AMASP is composed of sources of revenues of varied nature. The list of the sources of revenues is preceded by the following phrase: „the sources of revenues of a metropolitan association are”, which indicates that the sources should be permanent, stable, predictable, and capable of detailed planning in the financial years which will follow. Nevertheless, a detailed analysis of the sources of revenues does not confirm the above assessment - at least with respect to some sources of revenues of metropolitan associations. It is difficult to refer such assessment to inheritance, bequests, donations etc. or to interest on any late payments constituting metropolitan associations revenues of episodic nature, the planning of which involves high risk.

The statutory catalogue comprises 11 types of revenue sources, but it is not exhaustive as the last item on the list is: other revenues due to it under separate regulations. In accordance with the legal position as of 1st September 2018, other provisions have not laid down any other revenues which would be due to metropolitan associations. When compared with the catalogue of the sources of revenues of metropolitan associations, which was developed by the provisions of the former law, the present catalogue of said sources remains unchanged.

We may perform a dichotomous division of the sources of revenues in the statutory catalogue into public-legal (such subsidies, the proceeds of the personal-income tax) and private-legal (such as inheritance, bequests and donations, interest on loans granted by the association). Yet, according to another criterion we may distinguish transfer-type sources of revenues (i.e. those originating from budgets of other entities (public budget subsidies, subsidies from the budgets of local authorities) and revenues generated as a result of activities of the metropolitan association and its organisational units (revenues generated by budget units of the metropolitan association and payments from budget institutions, revenues from metropolitan association assets). In addition, we may also distinguish sources of revenues of the metropolitan association originating from local authorities it comprises. These are direct receipts from local authorities (subscriptions from municipalities constituting the metropolitan association, subsidies from budgets of local authorities) and indirect receipts from local authorities (the proceeds of personal-income tax from natural persons residing within the metropolitan association).

An objection regarding indirect origins of local authorities' revenues from personal-income tax should be justified by the fact that funds from this source originate *de facto* from the residents of municipalities included in the metropolitan association, who are the taxpayers of the tax within the meaning of the Act on personal-income tax, i.e. natural persons residing within the territory of one of the municipalities listed in the Regulation of the Council of Ministers regarding the establishment of the metropolitan association in the Silesian Province. At the same time, it needs to be underpinned that the statutory term „the proceeds of personal-income tax of natural persons residing within the metropolitan association” is imprecise. Natural persons do not reside in the area of the metropolitan association but rather the areas of individual municipalities constituting the association. The area of the metropolitan association is only a total of the areas of municipalities included in the metropolitan association by the legislator. Other provisions of the same act include a proper use of the term resident or residents, for instance in Article 5(4.4), the following statement is applied: „the results of consultations with the residents of individual municipalities”, or in Article 25(2.2), it is said that „such number of delegates representing municipalities that the residents of said municipalities are the majority of the population residing in the area of the metropolitan association”.

Subscriptions From Municipalities Comprising the Metropolitan Association

The catalogue of the sources of revenues of the metropolitan association mentions subscriptions from municipalities comprising it. The principles of subscription payments and their legal structure is laid down in Article 53 AMASP. A municipality in the municipal association is subject to an obligation to make annual subscription payments. As

the obligation to make subscription payments is explicitly defined in the act, it may be concluded that the subscription is an obligatory, periodic, non-refundable cash consideration paid by a municipality for the benefit of the metropolitan association. The duty to pay subscriptions was introduced under the act by determination of the fundamental elements of the legal structure. The subscription is of a public levy-type within the meaning of Article 5(2.1) APF. The parties to the legal relation of the subscription (the obliged entity and the authorised entity) are organisational entities of the public finance sector. Funds intended to cover the subscription are public means at a disposal of units within the public finance sector, i.e. municipalities. The payment of the subscription involves only a relocation of certain public resources inside the public finance sector, i.e. from the municipality to the metropolitan association. The relocation of said means goes on amongst the entities of the local authority sector.

The annual subscription is composed of two parts: one fixed and one variable. In the year in which the metropolitan association was established, the fixed part of the annual subscription was determined by multiplying 0.001 and the quotient of revenues for the budget year concerned from municipality's proceeds of personal-income tax and from municipality's actual proceeds of personal-income tax. In 2017, 6,149,209 PLN was allocated in the budget with respect to the fixed part of the subscription (Annex 1 to Resolution no. 1/7/17 dated 12th September 2017), which accounted for approximately 49.97% of all association's revenues (however, no receipts from the variable part of the subscription were accounted for due to the fact that the budget adopted covered *de facto* the last quarter of 2017 only, whereas the remaining sources of revenues were: the proceeds of personal-income tax amounting to 6,149,209 PLN and the interest on funds accumulated in the bank account of the association in the amount of. 8,000 PLN). In the years following the year in which the metropolitan association was established, the fixed part of the annual subscription is determined by multiplying 0.005 and the quotient of revenues for the budget year concerned from municipality's proceeds of personal-income tax and from municipality's actual proceeds of personal-income tax. This signifies an essential increase of liabilities because the 0.001 factor has risen to 0.005.

Pursuant to Article 4(2) of the Act on the revenues of local authorities, the level of proceeds of the personal-income tax from taxpayers residing in the municipality is 39.34%. When calculating the proceeds of tax one must apply the correction coefficient laid down in Article 89 of the Act on the revenues of local authorities. Formally, the proceeds of the personal-income tax are the source of municipality's own revenues. They may be treated as a budget law institution used to relocate funds from the state budget to municipality budgets (Pest, 2016, p. 43). Receipts from the personal-income tax are registered on current accounts of revenue offices used for state budget banking services, and then distributed amongst local authorities in line with the method provided for by the Act on revenues of local authorities. Having regard to the method of registering receipts from the personal-income tax, the exclusive fiscal sovereignty of the state

with respect to this source of revenues and the functions of the heads of revenue office managing the same source, we may accept the view that this is a national tax (Tyra-kowski, 2016, p. 46), a part of which is forwarded to the local government. Furthermore, it is a source of revenues that is highly susceptible to ad hoc changes in the form of tax reliefs and exemptions weakening its fiscal performance. In addition, it is also dependent on economic cycles, i.e. in the downturn periods the receipts from said source may be smaller (Poniatowicz, 2014, pp. 71-72).

The functions of the proceeds of the personal-income tax have not been limited by the legislator to the role of the source of revenues of local authorities. They are used, amongst other things, as a calculation factor when calculating the basic amount of the countervailable subsidy for the municipality and municipality's revenue potential with the intention to determine municipalities with a duty to make obligatory contributions required to create a balancing subsidy distributed among municipalities of low revenue potential. In the Act on the metropolitan association in the Silesian Province, the proceeds of the personal-income tax also perform a calculation function in the calculation of the fixed part of the obligatory annual subscription paid by municipalities for the benefit of the association. The amount of the fixed part of the annual subscription paid by municipalities is, therefore, charged to its source of revenues, i.e. the proceeds of personal-income tax.

Yet another concept was adopted to calculate the amount of the variable part of the annual subscription. It is dependent on the number and scope of tasks municipalities delegate to the metropolitan association and it corresponds to the costs actually incurred by municipalities to carry them out. The variable part of the subscription plays the function resembling a price or a fee, i.e. it should be an equivalent corresponding to the costs actually incurred in the performance of a given task delegated to the metropolitan association. With respect to the detailed rules for the assessment of the variable part of the annual subscription and the time limits for their contribution, the legislator refers one to the provisions of the statute of the metropolitan association (Statute of the Metropolitan Association „Górnośląska-Zagłębiowska Metropolia”, Annex to the Resolution no. V/1/2018 dated 16th February 2018).

Pursuant to § 38 of the Statute, by the 31st day of March, the Management Board (the executive body) shall present the proposed amount of the variable part of the annual subscription for the subsequent budget year to the General Meeting (the decision-making body), accounting for the planned scope and method of task performance, including the calculation method adopted and all sources used to cover the costs. While estimating the variable part of the annual subscription, the Board should consider any foreseeable actual costs of task performance over the course of the next year, and the actual costs incurred to date by individual municipalities or municipal unions in which they participate for the completion of a given type of tasks. Depending on the nature of the public task, other criteria should also be included, i.e. with respect to public tasks re-

lating to spatial order development - the proportion between the area of a given member municipality and the area of the whole metropolitan association; with respect to public tasks involving planning, coordinating, integrating and developing collective transport - the proportion between the number of residents of a given member municipality and the total number of residents of the metropolitan association. Despite the fact that the legislator does not determine the capacity to vary the structure of the variable part of the annual subscription, the statute provides for the ability to divide it into the property part and the current part, according to its designed purpose.

When presenting the proposed variable part of the annual subscription, the Board should take account of the strategy of the metropolitan association and other programming documents adopted by the General Meeting, as well as data resulting from budgets, multi-annual financial projections and other financial documents of member municipalities. By the 30th June of the preceding year, the Board of the association determines the scope of tasks performed by the association in the subsequent budget year and the amount of the variable part of the annual subscription of individual municipalities. For the year 2018, 32,777,555 PLN of association's revenues has been planned for the annual subscription and this source accounts for approximately 9% of all annual revenues of the association (Annex No. 1 to the Resolution No. IV/24/2017 of the General Meeting of the Górnośląsko-Zagłębiowska Metropolis dated 19th December 2017).

The variable part of the subscription is paid in equal monthly installments by the 15th day of each month. The fixed part of the subscription is also paid in monthly installments by the 15th day of each month. In justified cases, upon request of a member municipality, the General Meeting may extend the subscription payment period, however it may not extend beyond the end of the calendar year. By the 30th March of the year following the year in which the subscription was paid, the Board of the association submits a comparative statement of the costs of performance of individual tasks adopted for the estimation of the variable part of the subscription and the actual costs incurred during task performance, along the reasons for the differences found and information regarding either the method and time frames for such differences to be covered or the purpose of any generated surplus appropriations.

Pursuant to Article 54 AMASP, the provisions of Section III of the Tax Ordinance Act dated 29th August 1997 apply correspondingly to the annual subscriptions, with the exception that the competencies of the tax authority are exercised by the President of the Board of the association. In the Polish legal order, monetary contributions set by law are quite frequently associated with the imposition of adequate application of Section III of the Tax Ordinance Act entitled „Tax obligations”. This means that interests should accrue on any late subscriptions as for tax obligations; a member municipality is fully liable (with all of its assets) for the subscription obligation towards the metropolitan association, hence in a manner resembling the liability of a taxpayer for his tax obligations. In the event of reliefs applied to the subscriptions due (deferring payment dates, division

into installments, and remission of duties), criteria stipulated in Chapter 7a of the Tax Ordinance Act must applied, i.e. with the condition relating to existence of an important interest of the person/entity obliged or a public interest.

The statutory structure of the subscription for the metropolitan association and reference to the relevant application of the provisions of Section III of the Tax Ordinance Act, as well as the provisions of Article 5(2) APF, justify the statement that the subscription paid by a municipality for the benefit of the metropolitan association is a form of a public levy of a special legal structure, earmarked for a special purpose. Furthermore, the municipal subscription paid for the benefit of the metropolitan association has also characteristic features of the price (with reference to its variable part of the subscription, taking account of the costs of public task performance).

Local Authority Budget Subsidies

Pursuant to Article 51(10) of AMASP, subsidies from local authorities' budgets are also treated as a source of metropolitan association's revenues. The quoted regulation uses a general phrase „from local authorities' budgets”, which means that the subsidy for the metropolitan association can be made by any local authority (a municipality, county or province), not only a municipality that is a member of the association. Consequently, the personal scope of donors is wider than the personal scope of members of the association since only municipalities of the Silesian Province can be such members, as set forth in Article 1(2) of AMASP.

The adoption of such a wide personal scope of donors results from the fact that the metropolitan association can cooperate through various forms even with local authorities that are not its members. The relevant decisions are presented in the Statute of the Górnośląsko-Zagłębiowska Metropolis. In particular by entering into arrangements with local authorities, the metropolitan association may accomplish public tasks that are within the scope of municipality, county, provincial government or local authorities' association's scope of operation. Under § 36(1)(4) and § 36(5) of the Statute, the association's revenues from member municipalities are revenues from financial aid (in the Statute financial aid is treated as synonymous with „subsidy”). Member municipalities interested in having the metropolitan association accomplish certain tasks may assist the association by granting it financial aid (subsidies) for their fulfilment. That above all refers to investment tasks.

It is not correct to use the terms „financial aid” and „subsidy” interchangeably in the statute or refer the terms to the legal institution of an arrangement. The Statute of the association is not in compliance with Articles 216 and 220 of APF that determine that local authorities need to assist other local authorities, local authorities' associations or the metropolitan association. The basis for granting aid is an agreement, not an arrangement, since it is a characteristic of arrangements between local authorities that

funds are transferred to another local authority, received and automatically transferred, or received to support the accomplishment of a given local authority's task (Warsaw Audit Office Resolution of 5th March 2013).

Under Article 216 (2)(5) of APF, the local authority's budget expenses are allotted to the accomplishment of tasks as defined by the relevant codes, including material or financial aid to other local authorities as defined in a relevant resolution by the local authority's decision-making authority. Taking into account Article 4 (2) of APF, according to which the provisions of the act referring to local authorities should be applied to metropolitan associations as well, as part of aid provided, local authorities have the right to grant subsidies to the metropolitan association. The rules of such aid provision are set forth in Article 220 of APF, under which a specific subsidy is a form of financial aid. Aid can be granted on the basis of an agreement between the subsidy donor and the subsidy beneficiary. The provisions of APF fail to introduce relevant limitations for giving financial aid by local authorities. Aid needs to be preceded by a municipality council's separate resolution on the matter (Bydgoszcz Audit Office Resolution of 27th January 2016). Passing such a resolution is part of municipality council's exclusive competence. A municipality council's resolution on giving financial aid to fund an investment should not only specify the subsidy beneficiary and the task that the financial aid is given to, but also the amount granted as part of the aid (Poznań Audit Office Resolution of 9th March 2016). The specific subsidy granted as financial aid may refer only to the financial year in which it is given (Warsaw Audit Office Resolution of 9th February 2016). The above suggests that financial aid for a metropolitan association cannot be given only under the AMASP regulations and the provisions of the statute of the association. Across the board it will require passing a resolution by the local authority's decision-making body that acts as the donor, regardless of whether the local authority is a member of that association or whether there is an agreement between the donor and the subsidy beneficiary or not (Gorgol, 2014, p. 1076). Neither in the metropolitan association's budget for 2017 nor in the budget for 2018, revenues from a local authority's subsidy, including member municipalities, were envisaged.

Proceeds of Personal-Income Tax

Revenues from personal income tax paid by natural persons living in the metropolitan association area are a source of income of that association. As mentioned above, the manner of defining the source by the legislator is imprecise, since it is not about natural persons residing in the metropolitan association's area but natural persons residing in municipalities constituting the metropolitan association. The legislator approaches these tax revenues differently because Article 52 of AMASP calls that source „state budget revenues” and the Act on the local authority's revenues refers to it as „a source of local authority's own revenues”, yet only within the meaning of that act. The doctrine high-

lights that a share in the revenues from a given tax is a given public entity's entitlement to participate in the revenues awarded to a different public entity (Ruśkowski, Salachna, 2004, p. 52). The local authority's right to receive a share in state tax revenues results in exploiting a common source of income and leads to the so-called tax inclusion (Kańduła, 2017, p. 42).

The value of the share and the manner of its calculation are specified in Article 52 of AMASP. The value of metropolitan association's share in the personal income tax revenues raised from the payers of that tax residing in the area of the metropolitan association in 2017 (the year of establishing the metropolitan association) was 0.2% and later 5%. The difference in the share is a consequence of the fact that in 2017 the metropolitan association started operating not earlier than in the very last quarter of the year and the association's revenues from that source were planned to amount to 6,149,209 PLN. The metropolitan association's budget revenues from the relevant source planned for 2018 reached 327,775,552 PLN, which was about 90% of total revenues. In addition to the above, metropolitan association's total revenues in 2018 also comprised the municipality membership subscription of 32,777,555 PLN and interest on funds accumulated in the association's bank account, i.e. 500,000 PLN.

The amount of the metropolitan association's personal income tax proceeds is calculated as a product of the total revenues from that tax and 0.05 (0.002 in 2017), and an indicator determined as a share of output personal income tax due to be paid by natural persons residing in the metropolitan association's area in the year preceding the base year in the total amount of output tax in the same year. Similarly as in the case of calculating local authority's revenue potential to specify the general subsidy due and the obligation to make payments to the state budget by local authorities earning above-average revenues, the term „base year” is also referred to when determining the amount of personal income tax revenues due to the metropolitan association. The term is defined in Article 2(3) of the Act on local authority's revenues and stands for the preceding budget year.

The amounts needed to calculate the metropolitan association's personal income tax revenues are agreed to be from the “year preceding the base year”, which is from before 2 years (the data from 2016, a year before the establishment of the metropolitan association, were the basis for the relevant calculations for 2018). These are historical data burdened with the risk of a falling demographic potential (a decrease in the municipalities' population) and the resulting revenue potential risk of each of the municipalities constituting the metropolitan association. The same comments can be made about future reference periods. The present municipalities' situation in that scope may significantly differ from that observed two years earlier. High sums from that source and the amount of the fixed part of the subscription will be financed by municipalities from the ongoing revenues that are lower than the revenues from previous periods. The adopted mechanism of calculating the fixed part of the annual subscription and the payment for

the personal income tax revenues does not provide for any adjustments that may be needed in a crisis. Similar words of criticism refer to the mechanism of calculating the amounts of each part of the general subsidy for municipalities and payments to the state budget obligatory for municipalities of above-average revenue potential, a part of which is allotted to the balancing part of the general subsidy for municipalities of low revenue potential.

Pursuant to Article 52(5) of AMASP, Article 11(2) and (3) of the Act on the local authority's revenues should be applied accordingly. The provisions govern the direction of flow of cash streams that come from personal income tax payments and the dates of transferring the amounts due to the metropolitan association. The means that are municipalities' personal income tax revenues are transferred from the state budget's central current account to the metropolitan association's current account by the 10th of the month following the month when the tax was credited on the tax office bank account. The funds that are due for December are transferred in two instalments: by the 20th of December of the budget year (an advance payment of 80% of the amount transferred for November of the budget year) and by 10 January of the following year (the discrepancy between the amount of the personal income tax revenues that was credited on the tax office bank account in December and the amount of the aforementioned advance payment).

Conclusions

As a result of the conducted analysis of the normative material and the assumptions adopted in the successive two budgets of the metropolitan union in Silesian voivodeship the planned research goals have been achieved. The hierarchy of the income sources of the union has been determined with the consideration of their efficiency. Additionally, it has been revealed that both the organs of the metropolitan union and the organs of the local government units, being members of the union, as a rule cannot freely increase or decrease strains on the finances of the union's members. The legislator has strictly established the amount of the share in the income on personal income tax and the fixed part of the membership fee. A specific margin of freedom is only left by the legislator in relation to the variable part of the membership fee and subsidies from local government units to the metropolitan union.

Of the broad statutory catalogue of the sources of revenues of the Górnośląsko-Zagłębiowska Metropolis, solely three sources have been used to date: the annual subscriptions of municipalities comprising the association, the proceeds of personal-income tax, and the interest on funds accumulated in the association's bank account. It is impossible to compare the metropolitan association's budgets in the years 2017 and 2018 due to the fact that year 2017 – the first and incomplete year of association's operations – was treated by the legislator as a typical transitional period. In the first year of operations, lower appropriations for municipalities under the subscriptions due

and the personal-income tax revenues were set. The budget of the association for the year 2017 was adopted as late as in September 2017 and it included the last quarter of the annum. The following budget of the metropolitan association covered the entire budget year. This was reflected in the total revenues and spendings of said budgets. Budget revenues planned for the year 2017 were 12,306,418 PLN, whereas in 2018 they amounted to 362,554,007 PLN. The year-over-year performance demonstrated an over 29-fold increase in the total planned revenues. Greater differences were observed in budget expenditure, which in the year 2017 amounted to 3,200,661 PLN, and in 2018 reached 192,404,100 PLN. The year-over-year performance demonstrated an over 60-fold increase in the total budget expenditure.

The analysis of the budgets of the metropolitan association in the years 2017-2018 reveals that the proceeds of personal-income tax remain the main source of revenues. In the first (incomplete) year of association operations, receipts from that source accounted for approximately 49.96% of total revenues, while in 2018 - for as much as 90% of total revenues. However, the importance of receipts from municipality subscriptions dropped from 49.97% in 2017 to approximately 9% in 2018. The revenues from the interest on funds accumulated in the bank account of the metropolitan association were of supplementary importance at that time and totalled to 8,000 PLN in 2017 (ca. 0.07% of total revenues) and 500,000 PLN in 2018 (ca. 0.14% of total revenues). Subsidies from local authorities were not recorded as the form of budget revenues of the metropolitan association in the above period.

The study demonstrates that the roles of individual sources of budget revenues of the metropolitan association vary when it comes to revenue generation. Of the three types of the sources of revenues generated by local authorities, the most essential source is the proceeds of personal-income tax levied on persons living within the metropolitan association. The fiscal importance of the subscriptions paid by municipalities comprising the association dwindled in the year 2018, whereas the subsidies from local authorities for the benefit of the metropolitan association were not observed on the revenue side of the association's budget. An analysis of the binding law demonstrates that there are legal bases to increase municipality burden due as part of the variable part of the annual subscription and subsidies to cover the costs of public task performance. One may suspect that such actions will be undertaken if the costs of public tasks performed by the metropolitan association increase. The cost method is an essential structural element when assessing the variable part of the subscription and developing the procedure for the assessment of subsidies. This will allow necessary adjustments of financial resources of the association in the relation of costs of public task performance and preservation of relevance, in static terms, of funds with respect to the statutory scope of public tasks of the metropolitan association. Nonetheless, any bottom-up adjustments, i.e. made without a new amendment to the act, require relevant agreements between the association's bodies and the association's members.

References

- Gorgol A. (2014). *Commentary to Article 220*, [in:] *Ustawa o finansach publicznych. Komentarz* (The Law on public finance. Commentary), Wydawnictwo C.H. Beck Warszawa.
- Jaworska-Dębska B. (2017). *O istocie związków metropolitalnych* (On the essence of metropolitan associations), [in:] *O prawie administracyjnym i administracji – refleksje* (About the administrative law and administrations – reflections). *Księga jubileuszowa dedykowana Profesor Małgorzacie Stahl* (Anniversary book dedicated to Professor Małgorzata Stahl), ed. B. Jaworska-Dębska, Z. Duniewska, M. Kasiński, E. Olejniczak-Szałowska, R. Michalska-Badziak, P. Korzeniowski, Wydawnictwo Uniwersytetu Łódzkiego Łódź.
- Kańduła S. (2017). *Mechanizmy wyrównywania fiskalnego. Studium empiryczne gmin w Polsce w latach 2004-2014* (Mechanism of fiscal balance. An empirical case study of municipalities in Poland over the period 2004-2014), Wydawnictwo Uniwersytetu Ekonomicznego Poznań.
- Konstytucja Rzeczypospolitej Polskiej z dnia 2 kwietnia 1997 r. (Constitution of the Republic of Poland dated 2nd April 1997), J. of Laws no. 78, Item 483 as amended.
- Ofiarska M. (2016). *Problematyka budżetowa w ustawie o związkach metropolitalnych* (Budget issues in the Act on metropolitan associations), *Prawo Budżetowe Państwa i Samorządu*, no. 2, pp. 31-50.
- Ofiarska M. (2017). *Źródła dochodów i przychodów związków metropolitalnych* (The sources of revenues and income of metropolitan associations), [in:] *Gromadzenie i wydatkowanie środków publicznych. Zagadnienia finansowoprawne. Księga Jubileuszowa ku czci Profesor Krystyny Sawickiej* (The collection and spending of public resources. Financial and legal issues. An anniversary book dedicated to Professor Krystyna Sawicka), ed. W. Miemieć, Oficyna Wydawnicza „UNIMEX” Wrocław.
- Pest P. (2016). *Udziały jednostek samorządu terytorialnego we wpływach z podatków dochodowych* (The shares of local authorities in the proceeds of income taxes), Wydawnictwo C.H. Beck Warszawa.
- Poniatowicz M. (2014). *Wpływ kryzysu gospodarczego na systemy finansowe jednostek samorządu terytorialnego, na przykładzie największych miast w Polsce* (The impact of economic crisis on the financial systems of local authorities on the basis of the largest Polish cities), Wydawnictwo CeDeWu Warszawa.
- Rozporządzenie Rady Ministrów z dnia 26 czerwca 2017 r. w sprawie utworzenia w województwie śląskim związku metropolitalnego pod nazwą „Górnśląsko-Zagłębiowska Metropolia” (The Regulation of the Council of Ministers on the establishment of the metropolitan association named „Górnśląsko-Zagłębiowska Metropolis” in the Silesian Province dated 26th June 2017, J. of Laws 2017, Item 1290.
- Ruśkowski E., Salachna J. (2004). *Ustawa o dochodach jednostek samorządu terytorialnego. Komentarz* (The Law on the revenues of local authorities. Commentary), Dom Wydawniczy ABC Warszawa.

- Szlachetko J.H., Borówka K. (2016). *Związek metropolitalny (The metropolitan association)*, [in:] *Instytucjonalne formy współdziałania jednostek samorządu terytorialnego na obszarach metropolitalnych (Institutional forms of cooperation of local authorities across metropolitan regions)*, ed. J.H. Szlachetko, R. Gajewski, Wydawnictwo Uniwersytetu Gdańskiego Gdańsk.
- Tyrakowski M. (2016). *Podstawy gospodarki finansowej jednostek samorządu terytorialnego (The basics of financial economy of local authorities)*, Oficyna Wydawnicza Szkoły Wyższej im. P. Włodkowica Płock.
- Uchwała nr 1/7/17 Zgromadzenia Górnośląsko-Zagłębiowskiej Metropolii z dnia 12 września 2017 r. w sprawie uchwalenia budżetu Górnośląsko-Zagłębiowskiej Metropolii na 2017 rok (Resolution no. 1/7/17 of the General Meeting of the Górnośląsko-Zagłębiowska Metropolis on the adoption of the budget of the Górnośląsko-Zagłębiowska Metropolis for the year 2017 dated 12th September 2017), <http://bip.metropoliagzm.pl/article/uchwala-nr-i-ukosnik-7-ukosnik-17> (accessed on 09/08/2018).
- Uchwała nr IV/24/2017 Zgromadzenia Górnośląsko-Zagłębiowskiej Metropolii z dnia 19 grudnia 2017 r. w sprawie budżetu Górnośląsko-Zagłębiowskiej Metropolii na 2018 rok (Resolution no. IV/24/2017 of the General Meeting of the Górnośląsko-Zagłębiowska Metropolis on the budget of the Górnośląsko-Zagłębiowska Metropolis for the year 2018 dated 19th December 2017), <http://bip.metropoliagzm.pl/article/uchwala-nr-iv-ukosnik-24-ukosnik-2017> (accessed on 09/08/2018).
- Uchwała nr V/1/2018 Zgromadzenia Górnośląsko-Zagłębiowskiej Metropolii z dnia 16 lutego 2018 r. w sprawie przyjęcia Statutu związku metropolitalnego „Górnośląsko-Zagłębiowska Metropolia” (Resolution no. V/1/2018 of the General Meeting of the Górnośląsko-Zagłębiowska Metropolis on the adoption of the Statute of the „Górnośląsko-Zagłębiowska Metropolis” metropolitan association), J. of Laws of the Silesian Province 2018 Item 1207.
- Bydgoszcz Audit Office Resolution dated 27th January 2016, II/10/2016, Legalis no. 1428757.
- Poznań Audit Office Resolution dated 9th March 2016, 5/400/2016, Legalis no. 1442955.
- Warsaw Audit Office Resolution dated 5th March 2013, 6/93/2013, Legalis no. 750426.
- Warsaw Audit Office Resolution dated 9th February 2016, 4/66/2016, Legalis no. 1495397.
- The Act on the revenues of local authorities dated 13th November 2003, J. of Laws 2017 Item 1453 as amended.
- The Act on the implementation of a three-tier basic division of the country's territory, J. of Laws Item 603 as amended.
- The Act on the personal-income tax dated 26th July 1991, J. of Laws 2018 Item 200 as amended.
- The Act on spatial planning and spatial development dated 27th March 2003, J. of Laws 2017 Item 1073 as amended.
- The Act on public finance dated 27th August 2009, J. of Laws 2017 Item 2077.
- The Tax Ordinance Act dated 29th August 1997, J. of Laws 2018 Item 800 as amended.
- The Act on regional audit offices dated 7th October 1992, J. of Laws 2016 Item 561.

The Act on the metropolitan association in the Silesian Province dated 9th March 2017, J. of Laws 2017 Item 730.

The Act on metropolitan associations dated 9th October 2015, J. of Laws 2015 Item 1890 as amended.

Ważny K. (2016). *Commentary to Article 67, [in:] Ustawa o związkach metropolitalnych. Komentarz (The Law on metropolitan associations. Commentary)*, ed. T. Bąkowski, Wydawnictwo Wolters Kluwer Warszawa.