



REPUBLIC OF SLOVENIA

***THE LAW ON THE FINANCING OF
MUNICIPALITIES***

THE LAW ON THE FINANCING OF MUNICIPALITIES
*(Official Gazette of the Republic of Slovenia, no. 80/94, 56/98, Decisions of the
Constitutional Court: Official Gazette of the Republic of Slovenia,
no. 59/99, 61/99, 89/99, The Law on public finances -abrogation of articles
3,4,5,7,8,10,11,12,13,14: Official Gazette no. 79/99)*

1. GENERAL PROVISIONS

Article 1

This law regulates the financing of the tasks performed by the municipalities in accordance with the Constitution and the law.

Article 2

Municipalities are financed by income from taxes and other contributions, as provided by the Law on Local Self-Government (Official Gazette of the Republic of Slovenia, No. 72/93, No, 6/94 - judicial decision of the Constitutional Court of the Republic of Slovenia, No. U-I13/94-65, No. 45/94 - judicial decision of the Constitutional Court of the Republic of Slovenia, No. U-I-144/94-18 and the Official Gazette of the Republic of Slovenia, No. 57/94), and by income from taxes, duties, fees and other dues in accordance with special laws.

2. THE BUDGET

Article 3

This article shall be abrogated.

Article 4

This article shall be abrogated.

Article 5

This article shall be abrogated.

Article 6

The budget funds must not be used for purposes other than those defined in the budget. Liabilities on behalf of the municipality can only be taken over within the limits of the budget funds allocated for individual purposes.

The budget funds can be used provided that all conditions for such use, as prescribed by law of by another act, have been met.

Article 7

This article shall be abrogated.

Article 8

This article shall be abrogated.

Article 9

The mayor of a municipality is responsible for the implementation of the budget.

The mayor may authorise other persons for the implementation of the budget.

Article 10

This article shall be abrogated.

3. RESERVES

Article 11

This article shall be abrogated.

Article 12

This article shall be abrogated.

4. FINAL ACCOUNT OF BUDGET

Article 13

This article shall be abrogated.

Article 14

This article shall be abrogated.

5. INCURRING DEBTS

Article 15

Municipalities are allowed to incur debts by issuing securities or by borrowing.

Municipalities shall issue any securities in accordance with the law.

Municipalities should not incur debts overseas except on the basis of a law.

Article 16

Municipalities may incur long-term debts for investments approved by the municipal council.

Contracts on incurring debts shall be concluded by the mayor on the basis of the adopted budget after the preliminary agreement of the Minister of Finance. The agreement shall be a constituent element of contracts on incurring debts.

The Minister of Finance shall decide on requests for the issuing of approval within ten days of the submission of requests. Submissions of requests must be made according to the method prescribed by the minister. Agreements shall not be issued when requests are incompatible with the law.

Contracts agreed in contravention to the provisions of the second paragraph of this Article shall be considered null and void.

Article 17

Municipalities are allowed to incur debts to an amount not exceeding 10% of realised income in the year prior to the year in which debts are to be incurred. The repayment of principal amount and the interest should not exceed 5% of guaranteed expenditure in a single year.

Notwithstanding the previous paragraph, municipalities may incur debts for the financing of housing construction, water supply, and the elimination and purification of sewage in an amount exceeding 10% of the realised income in the year prior to the year in which the debts are to be incurred, if the repayment of the principal amount and interest in an individual repayment year does not exceed 3% of the realised income

Article 18

Public companies and public institutions founded by municipalities are only allowed to incur debts provided that their founder issues a decision to this effect. Decisions issued to this effect shall be included in the scope of the possible incurring of debts by the municipality.

The municipality must determine by ordinance of decree the person who makes decision under the previous paragraph.

Article 19

Municipalities are allowed to give guarantees for liabilities of public companies and public institutions which they are founders of , provided that the amount does not exceed 5% of realised income in the year in which such a guarantee is to be given. The guarantees issued shall be included in the scope of the possible incurring of debts by the municipality.

The municipality must determine by ordinance of decree the person who makes decision on giving guarantees under the previous paragraph.

6. FINANCING OF THE DUTIES OF THE MUNICIPALITY

Article 20

Funds with which municipalities ensure that their constitutional and legal functions are carried out shall be considered the appropriate volume of funds for the financing of local activities of public significance (hereinafter: appropriate expenditure).

Appropriate per-capita expenditure shall be determined by the National Assembly of the Republic of Slovenia at the adoption of the state budget for each individual budgetary year. Appropriate expenditure shall be the average per-capita amount of funds in Slovenia.

Article 20 a

The amount of appropriate expenditure for individual municipalities shall be determined in such a manner that appropriate per-capita expenditure is corrected by the ratio between area, length of local roads, population under the age of 15 and population over the age of 65 in an individual municipality and the average in Slovenia. The amount of appropriate expenditure shall therefore be calculated in the following manner:

$$P_{pi} = (0.70 + 0.05 * C_i + 0.05 * P_i + 0.16 * M_i + 0.04 * S_i) ZP * O_i$$

The following shall mean:

P_{pi} - appropriate volume of funds for the financing of the local needs of an individual municipality;

C_i – ratio between the per-capita length of local roads in an individual municipality and the per-capita length of local roads in Slovenia;

P_i – ratio between the per-capita area of the municipality and the per-capita area of Slovenia;

M_i – ratio between the share of the population under the age of 15 in the entire population of an individual municipality and the average of these shares in Slovenia as of 1 January of the year in which the amount of appropriate expenditure is determined for the subsequent year;

ZP - appropriate per-capita expenditure;

O_i – number of persons whose permanent residence in an individual municipality as of 1 January of the year in which the amount of appropriate expenditure is determined for the subsequent year on the basis of data from the central population register.

The basic sum of all coefficients shall be 1.00.

In calculations for municipalities with head offices in areas where municipal head offices existed prior to the implementation of the Law on the Establishment of Municipalities and the Determination of Their Territories (Official Gazette of the Republic of Slovenia, no. 50/94, 69/94 and 69/94 – corr.) and which are not considered urban municipalities, the 0.74 coefficient shall be used in place of the 0.70 coefficient in such a manner that the total sum of the coefficients is 1.04.

In calculations for urban municipalities, the 0.78 coefficient shall be used in place of the 0.7 coefficient in such a manner that the total sum of the coefficients is 1.08

Article 21

Income of the municipality for financing expenditure consists of:

- tax on heritage and gifts,*
- tray on prizes won from gambling;*

- tax on trading in real estate,
- administrative taxes,
- special tax on the use of gaming-machines outside casinos.

Income under the previous paragraph shall be used to finance municipalities to the amount defined by the law on their introduction.

A part of income from personal income tax, to the amount defined by the above-mentioned law, is also to be allotted to municipalities for financing of expenditure.

Article 22

Income of the municipality for the financing of expenditure shall also consist of:

- property tax,
- compensation for the use of building sites,
- local tourist taxes,
- municipal taxes,
- various fees,
- indemnity for charges in use of agricultural land and forest,
- indemnity and compensation for the damage to and pollution of the environment,
- income of the administration
- income defined by other acts.

Income under the previous paragraph shall be used to finance municipalities to the amount defined by the law on their introduction.

Article 23

Municipalities shall be allotted 35% of their income from personal income tax.

Income under the previous paragraph will be allocated between individual municipalities according to the ratio between the set personal income tax-payers whose permanent residence is in the municipality and the set personal income tax in the entire country, on the basis of figures for the year before the last.

The ratios from the previous paragraph are to be determined by the Ministry of Finance.

Article 24

A municipality which cannot ensure the financing of the appropriate expenditure by using its income calculated on the basis of Article 20a of this Law shall be allotted funds from the state budget for the balancing of finances.

At the proposal of the Ministry of Finance, the Government shall determine the amounts for the balancing of finances for the following budgetary year, and shall inform municipalities thereof no later than 30 September of the current year.

The Government shall inform municipalities by 30 September of the current year of the full amounts for the balancing of finances for the current year, should the estimation of the income of an individual municipality from Article 25 depart from the estimation in the current

year by over 2% on the basis of which the amount for the balancing of finances from the previous paragraph has been calculated.

Pursuant to the provisions from the previous paragraph, the Government shall determine new amounts for the balancing of finances for municipalities for which it has determined that the volume of their income had been realised in an extent lower than that initially estimated.

Municipalities for which the Government has determined, under the provisions of this Article, that the volume of their income had been realised in an extent higher than that initially estimated and where the newly-determined volume for the balancing of finances is lower than the initial one, must repay the already-received funds for the balancing of finances to the state budget no later than 1 December of the current year.

Should municipalities be allotted a new amount for the balancing of finances which is lower than the initial one, they shall receive only the difference to which it is entitled by the end of the year.

At the end of the budgetary year, the Ministry of Finance shall, on the basis of the actually-realised income of municipalities, determine the final amount allotted to an individual municipality for the balancing of finances.

The surplus or deficit amounts of funds for the balancing of finances determined for the previous year shall be recouped by funds allotted for the balancing of finances by 30 September of the current year.

Article 24a

When one or more municipalities merge into a new municipality, the new municipality shall be entitled to additional funds for the balancing of finances, determined for an individual budgetary year.

The calculation of additional funds for the balancing of finances shall be based on the sum of funds for the balancing of finances of all municipalities involved in the merger, allotted in the year prior to the merger.

When two neighbouring municipalities merge, the new municipality shall be entitled to an additional 3% of funds for the balancing of finances determined for an individual budgetary year.

When more than two neighbouring municipalities merge, the funds allotted for the balancing of the finances of the new municipality shall be increased by 6%.

Additional funds in the above-mentioned extent shall be allotted to municipalities for three budgetary years following the merger.

Article 24b

Funds for the balancing of finances shall be remitted to municipalities in monthly instalments by the twentieth of each month.

Municipalities shall use the funds from the budget independently and in accordance with the law.

Article 25

The volume of income for an individual municipality shall be determined by the Ministry of Finance, in co-operation with the individual municipality and the Tax Administration of the Republic of Slovenia. Calculations shall allow for the rates of tax and non-tax duties determined by the law. When these rates are not determined by the law, the average rate in Slovenia shall be taken into consideration.

Income from the following items shall not be taken into consideration in calculations from the previous paragraph:

- interest from deposits;*
- rents for apartments and business premises;*
- sale of assets;*
- other income from assets;*
- returned deposits, letters of credit and letters of warranty;*
- purchase and sale of securities;*
- public utilities charges;*
- voluntary contributions;*
- other income from residents of the municipality for the co-financing of certain tasks and obligations at the local level.*

On the basis of the resolution of the municipal council and notwithstanding the provisions from the previous paragraph, municipalities may request that funds from voluntary contributions be taken into consideration in the calculation of municipal income.

Article 26

Municipalities may be allotted additional funds from the state budget for the co-financing of individual measures and investments, when there is a particular interest in the municipality's development pursuant to the law or other regulations.

Municipalities may use the funds from the previous paragraph only for the purposes for which these funds have been allotted.

The extent of additional funds received by the municipality may not exceed 70% of the expected extent of funds required for the measure or investment.

The extent of additional funds for co-financing under the previous paragraph shall be calculated on the basis of the amounts of personal income tax actually realised in an individual municipality in the previous year, calculated on a per-capita basis for the municipality. Allowing for the ratio between the calculated share from per-capita personal income tax in the municipality and the calculated average share from per-capita personal income tax in Slovenia, individual municipalities shall be allotted the following additional funds:

When compared to the average of these shares of

The municipality shall be entitled to additional funds in

municipalities in Slovenia, the share from per-capita personal income tax in the municipality shall be:

the extent of:

<i>up to 50%</i>	<i>70%</i>
<i>over 50% and up to 70%</i>	<i>60%</i>
<i>over 70% and up to 90%</i>	<i>50%</i>
<i>over 90% and up to 110%</i>	<i>40%</i>
<i>over 110% and up to 130%</i>	<i>30%</i>
<i>over 130% and up to 150%</i>	<i>20%</i>
<i>over 150%</i>	<i>10%</i>

Municipalities entitled to additional funds from the state budget under this Article on the basis of the investment programme adopted for individual areas at the state level must, prior to the commencement of investment, obtain an agreement from the Ministry of Finance. The investment capacity of the municipality shall be taken into consideration when issuing these agreements. The method and procedures for the issuing of agreements shall be prescribed by the Minister of Finance.

The Government of the Republic of Slovenia shall, at the proposal of the competent minister, decide on the granting of additional funds for the co-financing of individual measures and investments. Additional measures under this Article, concerning also the implementation of the transition to the system of the financing of municipalities under this Law, shall be adopted by the Government of the Republic of Slovenia.

Notwithstanding the previous paragraphs, municipalities in bilingual territories shall be allotted funds from the state budget for the financing of bilingualism and the implementation of the constitutional rights of the Italian and Hungarian minorities.

Article 27

Municipalities shall regularly report information on income and expenditure and on incurring debts in accounts to the Ministry of Finance.

The method and deadline for reporting information is to be determined by the Minister of Finance.

Transfer of funds for financial balance shall be put on hold temporarily should the municipality fail to report this information by the deadline and according to the method under the previous paragraph.

Article 28

Funds for financial balance received by a municipality shall not be used for the repaying of overdue liabilities pertaining to debts, compensations ordered by judicial decision and compensations in accordance with the Law on Denationalisation.

Article 29

This article shall be deleted.

7. PERTAINING TO TAXES

Article 30

Should an inheritance or gift include real estate located in the territory of a single municipality, the tax on inheritance and gifts shall pertain to the municipality in which the real estate is located.

Should the inheritance or gift include real estate located in several municipalities, the tax on inheritance and gifts shall pertain to the municipalities in proportion to the value of individual parts of the inheritance or gift, located in the territory of individual municipalities.

Should the inheritance or present include movable property only, the tax on inheritance and gifts shall pertain to the municipality where the person liable for tax has permanent residence; if he /she dose not have a permanent residence in the country, the tax shall pertain to the municipality where he/she has a temporary residence; if he/she does not have a temporary residence in the country, the tax shall pertain to the municipality where the donor has (or the bequeather had) permanent residence.

Should the inheritance of gift include real estate and movable property, the tax on inheritance and gifts shall pertain to the municipalities, taking into account the provisions under the previous paragraphs.

Article 31

A tax on prizes won from gambling shall pertain to the municipality where the winner has a permanent residence; if he/she does not have a permanent residence in the country, the tax shall pertain to the municipality where he/she has a temporary residence; if he/she dose not have a temporary residence in the country, the tax shall pertain to the municipality in which the office of the disburser of the prize is registered.

Article 32

The tax on trading in real estate shall pertain to the municipality where the real estate is located.

Article 33

Tax on property relating to buildings and tax on property relating to leisure or recreational premises shall pertain to the municipality in which the building or leisure or recreational premises are located.

Tax on property relating to seaworthy objects (vessels) shall pertain to the municipality where the person liable for tax has a temporarily residence.

Article 34

Special tax on the use of gaming-machines outside casinos shall pertain to the municipality where the gaming-machine concerned is in use.

7A. FINANCING OF NEW MUNICIPALITIES

Article 34a

Until the budgets of newly-established municipalities have been adopted for the current year, the financing of municipalities shall temporarily continue on the basis of the budgets of former municipalities for the same tasks or purposes as in the year prior to the formation of the new municipalities.

The financing of municipalities from the previous paragraph shall temporarily continue through a separate account of the budgets of the municipality which has been established on the area of the head office of a former municipality.

Funds in the separate accounts of municipalities shall be managed by the mayors of the municipalities which have been established on the territory of the former municipality. The mayors may authorise other persons to manage budgetary funds in giro accounts and shall notify the Agency for Payment Transactions of the Republic of Slovenia thereof.

Until the budgets of newly-established municipalities have been adopted, all incomes, with the exception of incomes under the second paragraph of Article 25 of this Law, shall be allocated between the accounts of the municipalities in accordance with the second paragraph of this Article.

For the purpose of the transition to independent financing, all newly-established municipalities shall present appropriate documentation to the Ministry of Finance, disclosing that they have:

- *adopted the final account of the budget of the former municipality for the previous year;*
- *adopted the budget for the current year;*
- *determined the proportionate distribution of surpluses or deficits, ascertained in the final account of the budget of the former municipality;*
- *determined the proportionate distribution of surpluses or deficits of the funds for the balancing of finances from the previous year;*
- *determined the proportionate distribution of remittances for the balancing of finances in separate accounts during temporary financing;*
- *determined the proportionate distribution of the financing of obligations towards commercial public services and institutions founded by the former municipality.*

After the documentation has been presented, the Ministry of Finance shall notify the Agency for Payment Transactions of the Republic of Slovenia that the municipality may commence operating through its giro account. The municipality may commence operating through its giro account from the first day of the month following this notification, and shall transfer the funds from temporary financing to its giro account.

Article 34b

The pertaining part of income and expenditure which was temporarily implemented through the separate account of a municipality established on the territory of a former municipality shall be included in the municipality's budget for the current year, adopted by the municipality after the adoption of the final account.

Article 34c

The giro accounts of the former municipalities shall be closed no later than 31 December of the year in which the new municipalities are established; should they fail to be closed by this time, they shall be closed on 31 December ex officio.

The giro accounts of the smaller units of municipalities which have not been included in the ordinances of municipalities as legal persons shall also be closed on 31 December of the year in which the new municipalities are established. Should they fail to be closed by this time, they shall be closed on 31 December ex officio.

Article 34è

New municipalities may not incur debts or issue concordances and guarantees in respect of incurring debts until the final settlement of property and legal relations between municipalities under the Law on Local Government has been made.

Until the final settlement of property and legal relations between municipalities has been made, only those municipalities may incur debts which did not exceed the limit for incurring debts and issuing guarantees in accordance with the provisions of Articles 17 and 19 of this Law on 31 December of the year in which the former municipality ceased operating.

Should the realised income for the year prior to the year in which debts were incurred be impossible to determine for the new municipality, the estimated income in the current year shall be used as the criterion.

Article 34d

Voluntary contributions which were implemented in the former municipality shall be collected in the municipality established on the territory of the former municipality.

Supervision of the use of funds from the previous paragraph shall be carried out by the supervisory boards of the municipalities in which these voluntary contributions are being collected.

Article 34e

Those employees employed in the municipal administration of the former municipality on the 31 December prior to the commencement of operations of the new municipality shall remain employed in the municipality established on the territory of the former municipality until the adoption of the ordinances on the systematisation of jobs in municipal administrations of all municipalities established on territories of former municipalities.

Until the allocation of employees has been concluded in accordance with the law, funds for salaries under the previous paragraph shall be paid from the separate account of the municipality which has remained on the territory of the former municipality. The funds used to this effect shall be allocated between the newly-established municipalities, in line with the agreement between the mayors of these new municipalities.

Funds for the salaries of employees of local community bodies shall be provided according to the method under the previous paragraph.

Funds for employees' rights which have been granted to employees until 31 December of the budgetary year in which the new municipality is established, provided for cases of the permanent reduction of the amount of work or due to technological, organisational or other operational reasons, shall be allotted from the budget of the municipality which has remained on the territory of the former municipality.

Article 34f

The value of a point or square metre of surface for the purposes of property tax assessment in accordance with items 1 and 2 of Article 156 of the Law on Citizen's Taxes (Official Gazette of the Socialist Republic of Slovenia, no. 36/88 and 8/89, and Official Gazette of the Republic of Slovenia, no. 48/90 and 7/93) shall be revalued using the cost-of-living index determined by the Statistical Office of the Republic of Slovenia for the period of the first nine months of the year before the year in which the tax is being assessed, in comparison with the same period of the previous year.

Article 34g

Until the municipalities have determined the value of a point for the assessment of the amount of compensation for the use of building sites, a point shall be revalued, from 1 January, using the cost-of-living index determined by the Statistical Office of the Republic of Slovenia for the period of the first nine months of the year before the year in which the tax is being assessed, in comparison with the same period of the previous year

7B. PENAL PROVISIONS

Article 34h

Responsible persons shall be liable to a monetary fine of SIT 500,000 if:

- they fail to disclose income and expenditure in accordance with Article 5 of this Law;*
- they use the budgetary funds of the municipality in contravention to the provisions of Article 6 of this Law;*
- they use funds from the state budget in contravention to the provisions of Article 26 of this Law.*

Responsible persons shall be liable to a minimum monetary fine of SIT 100,000 when they fail to communicate data in accordance with Article 27 of this Law.

8. TRANSITORY AND FINAL PROVISIONS

Article 35

Irrespective of the provisions of Article 13, third paragraph, the municipalities shall draw up property balances according to the state existing on 31st December 1995 and on 31st December 1996, and within nine month from these dates.

Article 36

Until the Law on Public Acquisition is adopted, the purchase of equipment, investment and maintenance works and services should be based on agreements and should comply with regulations relating to the state budget.

Article 37

Provisions of Article 22, third paragraph shall begin to be used for property tax assessment for 1996.

Article 38

Income from compensations for the use of building sites, which the municipalities regulate on the basis of the Law on Building Sites, shall be disclosed in the budgets of the municipalities as of 1 January 1995.

Article 39

Income of former municipalities pertaining to debts recovered by procedures of forced exaction, forced settlement, bankruptcy and winding-up orders and income of former municipalities, paid after 1 January 1995, shall pertain to individual municipalities in accordance with the provisions of Articles 30 to 34 of this Law, or in proportion to guaranteed expenditure, with the exception of income from personal income tax.

Article 40

The initial guaranteed expenditure for 1995 for individual municipalities and for all municipalities in the country shall be determined on the basis of the defined volume of public consumption in 1994.

The final volume of public consumption under the previous paragraph is to be determined by the Ministry of Finance on the basis of figures in the 12994 budgets of municipalities, which shall be set by the Ministry of Finance, and on the basis of information on financially evaluated tasks and salaries of employees in accordance with the Article 101 and 103 of the Law on Administration (Official Gazette of the Republic of Slovenia, No. 76/94) within 60 days after the presentation of the final accounts of the municipalities' budgets to the Ministry of Finance.

Article 41

Before the final settlement of relations of property and legal relations between municipalities in accordance with the Article 100 of the Law on Local Self-Government, the municipalities shall adopt the property balance of the former municipality as of 31 December 1994.

Until the final settlement of relations of property and legal relations between municipalities in accordance with the Article 100 of the Law on Local Self-Government, municipalities shall not incur any debts and issue any concordances of guarantees under Articles 18 and 19 of this Law.

After the final settlement of relations of property and legal relations between municipalities, only those municipalities which did not exceed the limit under Article 19 of this Law and whose debts as of 31 December 1994 do not exceed 10% of guaranteed expenditure for 1994 or those whose annual repayment of principal and interest does not exceed 5% of guaranteed expenditure for 1994 are allowed to incur debts and issue guarantees.

Article 42

Municipalities shall agree on whether voluntary contributions to local financing shall continue.

Should municipalities fail to reach an agreement under the previous paragraph, the collection of voluntary contributions shall continue until 31 December 1995 at the latest. Funds collected by this method shall be used for previously defined purposes.

Control of the use of funds under the previous paragraph shall be carried out by the mayors of municipalities in which such collection is taking place.

Article 43

Bodies in charge of implementation of the budgets of former municipalities shall implement in the 1994 budget, prepare the final balance of the budget of the former municipality for 1994 and present it to municipal council by 28ⁿ February 1995.

Closing balances under the previous paragraph shall be sent to the Court of Auditors and the Ministry of Finance.

Article 44

Until the 1995 budgets of municipalities are adopted, financing of municipalities shall temporarily continue on the basis of the budget of the former municipality for the same tasks or purposes as in 1994.

Financing of municipalities under the previous paragraph shall temporarily continue through a separate account of the budget of a municipality which has been established on the territory of the former municipality.

Funds from the previous paragraph shall be used for salaries according to Article 47 of this Law; the remaining part of the funds shall be used in proportion to the guaranteed expenditure of municipalities according to Article 40 of this Law.

The funds on the separate account of the municipality shall be managed by mayors of the municipalities which have been established on the territory of the former municipality unless the municipality decrees otherwise. Mayors of municipalities are allowed to authorise other persons to manage the funds under the previous sentence. The Agency of the Republic of Slovenia for Payment Transactions, Supervision and Information shall be notified of any such authorisations.

Until the municipalities' budgets are adopted, the funds for financial balance, the part of personal income tax which pertains to municipalities and other income of municipalities according to Article 21 of this Law shall be allotted to the municipality's separate account under the second paragraph of this Article.

Until the amount needed to reach financial balance in an individual municipality is ascertained, the municipalities shall be allotted advances in proportion to expenditure according to Article 40 of this Law.

Article 45

Municipalities shall adopt budgets for 1995 after the adoption of final accounts of former municipalities for the past year. Municipals shall present the adopted budgets to the Ministry of Finance.

The part of income and expenditure from 1 January 1995, which was temporarily implemented through the separate account of a municipality which has been established on the territory of the former municipality, shall be included in the municipality's budget.

Article 46

Giro accounts of the former municipalities shall be closed 31 December 1995 at the latest; should they fail to be closed by this time, they shall be closed on 31 December 1995 by official duty.

Giro accounts of local communities which have been included in the municipalities' ordinances, shall be closed by 31 December 1995 the latest. Should they fail to be closed by this time, they shall be closed on 31 December 1995 by official duty.

Article 47

Those employees, employed full-time on 31 December 1994 in expert services of executive councils and municipal assemblies or in special sociopolitical communities and in management bodies of the municipalities, who, in accordance with the law, are not to be transferred to management units or to Ministries, shall remain employed full-time in the municipality, established on the territory of the former municipality, until the adoption or ordinances and the systematisation of jobs in all municipalities established on the territory of the former municipality.

Municipal councils of all municipalities established on the territory of the former municipality shall agree on the arrangement of jobs in individual municipalities within one month from the adoption of ordinances and the systematisation of jobs.

Until job arrangements under the previous paragraph are completed, funds for employees' salaries under the first paragraph shall be paid from the municipality's separate account as in Article 44, second paragraph of this Law.

Funds for salaries of employees of bodies of local communities shall be provided according to the method under the previous paragraph.

According to the Law on Official in State Bodies (Official Gazette of the Republic of Slovenia, no. 30/90, 18/91, 2(91-I and 4/93), officials of municipals and special sociolopolitical communities shall be guaranteed rights after the termination of their mandate in the municipality established on the territory of the former municipality.

Article 48

Funds for employees' rights, conceded until 31 December 1995 in accordance with article 101 of the Law on Local Self-Government and in accordance with the Article 4 of the Law on Establishment Municipalities and the Determination of their Territories (Official Gazette of the Republic of Slovenia, no. 60/94, 69/94) shall be allotted from the state budget in cases of permanent reduction of the amount of work or due to the other operational reasons.

Article 49

The value of a point or a square meter of surface for the purposes of property tax assessment in accordance with items 1 and 2 of Article 156 of the Law on Citizens' Taxes (Official Gazette of the Socialist Republic of Slovenia, no. 36/88, 8/89 and Official gazette of the Republic of Slovenia, no. 48/90, 7/93) is to be revaluated using the retail price index, determined by the Statistical Office of the Republic of Slovenia for the period of the first nine months of the year before the year in which (or for which) the tax is being assessed, in comparison with the same period of the previous year.

Article 50

Until the municipalities determine the value of the point for the assessment of the amount of compensation for the use of building sites, the point shall be revaluated, from 1 January 1995 onwards, using the retail price index., determined by the Statistical Office of the Republic of Slovenia for the period of the first nine months of the year before the year for which the compensation is being assessed, in comparison with the same period of the previous year.

Article 51

Provisions of the Law on Financing of Public Consumption (The Official Gazette of the Republic of Slovenia, no. 48/90, 34/91-I, 30/92 - judicial decision of the Constitutional Court of the Republic of Slovenia, No. U-I-55/92-17, the Official Gazette of the Republic of

Slovenia, no. 7/93, 43/93 - judicial decisions of the Constitutional Court of the Republic of Slovenia, no. U-I-22/93-10), which refer to municipalities and the Decree on the Allocation of Income Between Municipalities and the Republic (the Official Gazette of the Republic of Slovenia, no. 34/91-I) shall cease to apply on 31 December 1994.

Article 51a

The municipalities of Laško and Zagorje Ob Savi shall be allotted additional funds from the state budget for the liabilities from debts before 1 January 1995, if these liabilities exceed 5% of the estimated income in an individual budgetary year. The funds shall be allotted in the amount of the difference between the funds and the overdue liabilities.

Article 52

This Law shall come into force on the day after its publication in the Official Gazette of the Republic of Slovenia; the provisions relating to financing of tasks of the municipalities shall apply from 1 January 1995.

From The Law on Changes and Additions to the Law on the Financing of Municipalities (Official Gazette of the Republic of Slovenia, no.56/98)

Article 25

Municipalities whose calculated amount of appropriate expenditure in the 1999 budgetary year under Article 20a of this Law is higher than the extent of its own available income, taking into consideration the estimation of income under Article 25 of the law and the financial balances determined under the second paragraph of Article 24 of the law, shall be allotted additional funds for the balancing of finances.

Urban municipalities which were receiving supplementary funds from the state budget and which shall no longer be entitled to them when this Law begins to apply shall receive these funds for two years from the day of commencement of the application of this Law.

Funds from the previous paragraph shall be allotted in an extent of 30% of the balancing of finances which the urban municipality having this status on 31 December 1997 received in accordance with the first paragraph of the law in the 1998 budgetary year.

Article 26

Until property and legal relations between the new municipalities which begin operating in 1999 have been settled and until they have adopted the assets balance sheet of the former municipality, they may not incur debts or issue concordances and guarantees under Articles 17, 18 and 19 of the law.

After the settlement of property and legal relations between municipalities, only municipalities which did not exceed the limit under Articles 17 and 19 of the law according to the state of affairs on 31 December 1998 may incur debts and issue guarantees.

Article 27

This article shall be deleted.

Article 28

Municipal councils shall bring the statute and other general acts of the municipality in line with this Law by the time regular local elections take place in 1998.

Article 29

The Minister of Finance shall issue the regulations referred to in Article 5 of this Law within 60 days of the implementation of this Law.

Article 30

This Law shall enter into force on the fifteenth day after its publication in the Official Gazette of the Republic of Slovenia.