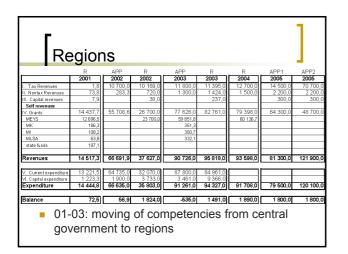
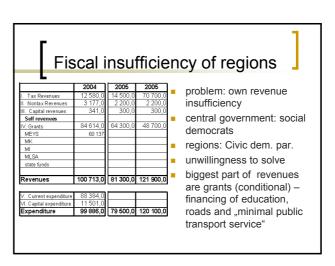
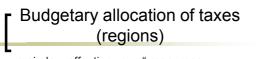


 Comparison of LG's revenues in 2000 [in % of GDP] 										
	-000 [1 /0 01	0011							
	tax	nontax	grants	total						
SK	1,4	0,8	0,5	2,						
CR	4,8	2,0	2,3	9,						
Fr	4,3	1,9	3,4	9,						
UK	1,5	1,6	7,3	10,						
CR 2005	6,7	1,3	3,1	11,						
Hu	2	2,7	6,4	11,						
NL	1,4	2,9	9,9	14,						
Ро	5,8	3,3	6,1	15,						
Sw	15,2	1,2	3,9	20,						
DK	16,2	2,4	12	30,						
Ø OECD	5,1	2,1	4,7	12,						

195				Public sector expenditures (mld. Kč)											
	94 199	5 1996	1997	1998	1999	2000	2001	2002	2003						
Public Sector Exp. 518	8,8 593	,9 660,5	700,8	752,7	796,4	867,9	962,2	1060,2	1149						
State Budget 374	4,3 431	,8 466,8	503,5	546,8	580,6	626,9			801						
District offices 19,	9,5 20,	8 21,6	20,9	19,4	19,8	20,3	669,5	705,2							
Regional offices							14,4	35,8	91,3						
Municipalities 92,	2,6 110	3 122,8	129,2	136,3	147,1	164	195,5	214,3	192,7						



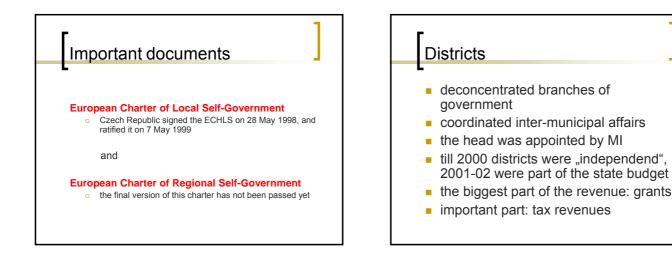


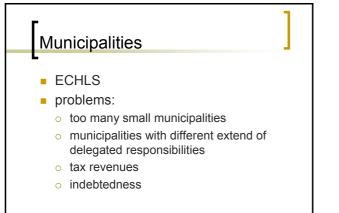


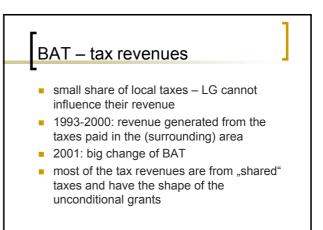
- main law affecting "own" resources
 in the first warsing (from 2001) as the
- in the first version (from 2001): no tax revenues
- in the novel ("temporary only for 2002"): small portion according to transfered competencies
- main task: cover up direct cost of primary and secondary education
- temporary novel remained in force until 2005
- novels: Pardubice region version, governmental (2003, 2004)

Present problems

- regions still play small role
- tax revenues X conditional grants
- central governments X regions
- absence of minimal standards of public services
- regional hospitals: commercial company X allowance non-profit organization
- "minimal public transport service": unsigned agreements between regions and Czech railway company







Purposes for BAT change

- small municipalities
- unjustifiable differencies
- concentration of tax payer cash registers
- speculative moves of self employment
- different dynamics of tax revenues into state and municipal budget

Tax revenues of LGs

Total	62,8	65,4	72,1	75,7	83,6	89,9	99,5	106,2	113,7	125
Other	0,2	0,8	0,8	0,6	0,7	0,7	3,8	4,2	4,2	2
VAT						31,3	30,8	33,5	37,8	45
Administrative and local fees	3,3	3,4	3,6	3,2	3,6	3,8	3,7	3,7	4	4
Property	4	3,9	4,1	4,3	4,4	4,5	4,5	4,6	4,7	2
municipality	2,3	3	4,3	5,2	10,6	6,2	6,2	5,8	6,1	
non-municipality	11,8	10,3	11,9	13,6	12,9	17,3	20,5	22,6	22,8	2
CIT	14,1	13,3	16,2	18,8	23,5	23,5	26,7	28,4	28,9	29
from other						1,6	1,3	1,2	1,5	
from self-emp	15,8	15,8	16,7	16,9	16,7	8,2	9,3	9,7	10	
from wages	25,3	28,2	30,7	31,9	34,7	16,3	19,4	20,9	22,6	2
PIT	41,1	44	47,4	48,8	51,4	26,1	30	31,8	34,1	31
	1996	1997	1998	1999	2000	2001	2002	2003	2004	20

Borrowing of LGs												
			1996	1997	1998	1999	2000	2001	1001	2003	2004 Freim	2005 Forecast
Contollidated General 4	Generament debr ²⁾	64. CZE	204.7	217.5	249.0	275.2	332.4	494.5	444.5	553,0	659.3	763.4
		pres 3447+200	95.0	105.2	110.3	114.7	120.8	121.7	109.9	124.4	119.2	115.8
state debt (consulidated)		HIL CZE	161,6	172,2	193,6	226,8	287,4	342.5	392,9	455,5	\$\$7,7	654,2
		prespect*200	104.7	106,6	112,4	117.1	126,7	119,1	114,7	124,4	120,2	116,4
tocial tecurity funds MR. CZE		1,2	2,4	1,7	1,2	0,7	0,5	0.4	0,3	0,2	0,1	
		pres 3441+200	325,8	204,6	70,8	65,5	61,9	64,5	79,2	78,4	72,4	48,1
extra-budgetary fands 1-02. CZE		22.5	17,2	15,0	16,6	14,3	22,4	3,2	2.2	1,2	3.5	
		pres 3440*200	56,2	76.3	17.2	110,7	\$5,9	157,2	14,1	69.9	55,4	242.5
 ma pro o 	inistry of Finance of the croeconomicaly blem from micr some municipalitie property	y it is i oecor	not a nom	a pr ic po	oble pint	m – of v	200 iew:					
	problem grows (re municipality	eciproca	al pro	oport	ion)	with	the s	ize c	of			

How to solve indebtedness?

- MF take steps in the end of 90-ties:
 - some grants are tied in with the debt
 - maximum debt service was set as % of revenue (unclear how to measure, valid only for 1 year)
 - these steps were not successful
- in 2004 new definition of the debt service
 MF is in charge of controling municipal debt