

# LOCAL FEE FOR MUNICIPAL WASTE AS A PART OF TAX BUDGET REVENUES OF MUNICIPALITIES

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## Abstract

*The waste management belongs to the biggest challenge of environment. The task of article is the survey and the assessment of local fee for municipal waste in the selected municipality of Nitra region in the SR. Local fee for municipal waste and minor construction waste is levied by the municipality pursuant to the Act on Local Taxes and Local Fees and its amount is determined in a generally binding regulation. Revenues of local taxes and revenues of local fees are the part of tax budget revenues of each municipality. In the reviewed municipality, legal entities and individual entrepreneurs pay as much as they produce, the fee rate depends on the bin volume and the frequency of collections. The fee rate of non-individual entrepreneurs is determined on a lump sum basis. The rate of waste recovery in the SR is one of the lowest in the EU and the landfilling is still a dominant form of municipal waste management. From the survey of reviewed municipality, it derives that in the year 2016 almost 35% from the total amount of waste is recovered. However, as regards the amount of generated waste and the amount of landfill of selected municipality it is recommended to consider the increase in the fee rate for municipal waste and minor construction waste.*

**Keywords:** budget, local fee, local fee for municipal waste, municipality, tax revenues

**JEL classification:** H71, H72, K39, R11

# 1 Introduction

EU waste management policies aim to reduce the environmental and health impacts of waste and to improve the EU's resource efficiency. The long-term aim of these policies is to reduce the amount of waste generated and when waste generation is unavoidable to promote it as a resource and achieve higher levels of recycling and the safe disposal of waste (Eurostat, 2017).

Pursuant to the Programme of waste management of the SR for the year 2016-2020 the minimization of negative impact of waste generation and manipulation to human health and the environment is a crucial task of waste management till the year 2020.

According to Soukupová & Bakoš (2017) the municipalities are traditional providers of basic public services for inhabitants and as regards their size, range of services and financial possibilities they select the manner of waste securing.

Furthermore, Gašparíková (2010) states that the municipality is obliged to secure collection, transport, degradation and disposal of municipal waste and minor construction waste arising in its territory including the securing of waste bins.

The municipality amends the details concerning the management of municipal waste and minor construction waste by a generally binding regulation in which the manner of collection, municipal waste transport, the manner of sorted collection of individual items of municipal waste, the manner of manipulation with minor construction waste as well as the places determined for the storage of such waste and waste degradation and reasons for non-application of sorted collection of biodegradable municipal waste are defined (Bojňanský et al., 2017).

The most important financial tool of local development conditions of municipalities are local taxes and local taxation (Žárská, 2008). Beličková & Boór (2016) and Pavel et al. (2009) represent a specific group of public revenues focusing on the environmental policy.

Waste within the public sector corresponds with such a use of public resources that violates the principles of economical, efficient and effective management of public resources. The fact that consumption increases waste is obvious (Půček, 2013).

According to Kirkman & Voulvoulis (2017) modern waste management provisions seeks to meet challenging objectives and strategies while reflecting community aspirations and ensuring cost – effective compliance with statutory obligations.

## 2 Data and methodology

The article presents the theoretical and practical view on the issue; it deals with the issue of assessment and determination of local fee for municipal waste and minor construction waste in the selected municipality of Nitra region in the SR.

Local fee for municipal waste and minor construction waste is paid for activities combined with the activities related to the manipulation with mixed municipal waste, biodegradable municipal waste and sort collection of municipal waste. The obligations concerning the rate and fee determination as well as its administration are enacted by the Act No. 582/2004 Coll. on Local Taxes and Local Fees as amended (farther referred to as “Act on Local Taxes and Local Fees”).

In case of pay-as-you-produce collection the local fee (hereinafter referred to as “LF”) is determined as a multiplication of collection frequency (hereinafter referred to as “CF”) and fee rate (hereinafter referred to as “FR”) and bin volume (hereinafter referred to as “BV”).

$$LF = CF \times FR \times BV \quad (1)$$

If there is no pay-as-you-produce collection, the local fee for waste is determined as a multiplication of fee rate and the number of calendar days (hereinafter referred to as “NCD”) within which a tax payer has or will have a permanent or temporary residence or the days within which he uses a real estate or is authorized to use it.

$$LF = FR \times NCD \quad (2)$$

The general information source for the processing of particular issue is presented by the data obtained from the annual report on municipal waste of the reviewed municipality for the year 2016. The data concerning the amount of produced waste by the municipality were taken from the annual report on municipal waste by which a statistical determination is performed and the municipality is obliged to submit it to the Statistical Office of the SR or from database of Eurostat.

The reviewed municipality is represented by the municipality from Nitra region of the SR and is the member of the association of municipalities called “Ponitrianske združenie obcí” for the sorted collection and waste management. This association acts as an interest association of legal entities. The subject of association activities is a long-term complex management of waste arisen in the municipality territories which are the association members, as well as the decrease in the volume of stored waste, the solution of problematic effects in waste management of member municipalities. Currently the association consists of 65 member municipalities of Nitra region.

The basic methodical approach of processing in a theoretical as well as in a practical level is presented by standard methods of scientific work such as selection, analysis, comparison, deduction and synthesis.

### **3 Results and discussion**

The budget is a crucial tool of financial politics applied in the regional self-administration of the SR. The particular document presents the financial relations within the municipality as well as the relations towards individual budgets of public administration subjects. The management of municipality is governed in the relevant calendar year by the approved budget which secures the financing of tasks and functions of the municipality.

Within the current budget of municipality the significant own tax revenues are presented by revenues of local taxes and revenues of local fees pursuant to the Act on Local Taxes and Local Fees. Pursuant to the above mentioned Act, the municipality performs the administration of local fee for municipal waste and minor construction waste.

The local fee for municipal waste and minor construction waste is paid for municipal waste generated in the territory of municipality except for the sorted waste namely electro waste, biodegradable waste and packaging waste and non-packaged products (e.g. paper, plastics, glass, metals).

According to the Act on Local Taxes and Local Fees, a person who is obliged to pay a fee (further referred as “taxpayer”) is as follows:

- an individual with a permanent or temporary residence or an individual who has right to use or uses a real estate,
- a legal entity which authorised to use or using a real estate located in the territory of the municipality for other than business purposes,
- an entrepreneur which authorised to use or using a real estate located in the territory of the municipality for business purposes.

The municipality levies and determines the rate of local fee for municipal waste and minor construction waste by a generally binding regulation, while the Act on Local Taxes and Local Fees defines a minimal and maximal fee rates for a taxpayer and a calendar day. If the municipality does not determine a fee, the lowest rate is applied which is levied by the Act on Local Taxes and Local Fees. The local fee rate is defined depending whether the pay-as-you-produce collection is applied in the municipality.

The local fee rate should present the average cost of municipality needed for the activities combined with the management of municipal waste and minor

construction waste including the costs related with the securing of waste bins for pay-as-you-produce collection. The local fee can contain:

- costs for waste bin for mixed municipal waste,
- costs for waste bins for sorted waste.

The local fee can be levied by the municipality in the form of lump sum or in case of pay-as-you-produce collection it depends on the waste bin volume and the frequency of removals. If the municipality introduces the pay-as-you-produce collection, the fee is determined as the multiplication of collection frequency and bin volume (1). If the pay-as-you-produce collection is not applied, the fee is determined as the multiplication of fee rate and the number of calendar days within which a taxpayer will have a permanent or temporary residence or within which he will use a real estate or is authorized to use it (2). Should the pay-as-you-produce collection applies, the municipality is obliged to enable people the individual interval determination of waste collection or enable the selection of waste bin size from three size categories at least.

As regards the particular issue the survey of municipal waste collection was conducted and the local fee for municipal waste and minor construction waste was reviewed in the selected municipality of Nitra region of the SR. This particular fee is determined pursuant to the Act on Local Taxes and Local Fees. The pay-as-you-produce collection is applied in the municipality for legal entities and as well as for individual entrepreneurs. Pursuant to the generally binding regulation the municipality determined the fee rate for pay-as-you-produce collection for the waste bin with a volume 1,100 litres for a calendar year for collection (i) twice per month in the amount of EUR 228, (ii) once per month in the amount of EUR 114.

Furthermore, the municipality levies the fee rate to the taxpayers for whom the pay-as-you-produce collection is not applied, as follows:

- in the amount of EUR 0.0439 a person and a calendar day in cases not covered by the pay-as-you-produce collection (in the amount of EUR 16 per person) and a calendar year for an individual who has a permanent or temporary residence in the municipality or in the territory of assessed municipality has right to use or who uses an apartment, non-residential premises, ground building or its part,
- in the amount of EUR 2.50 a person and a calendar day in cases for which the rate for pay-as-you-produce collection is not applied, in case who has not a permanent or temporary residence in the municipality,
- in the amount of EUR 40 a person and a calendar year for an entrepreneur and a legal entity,

- in the amount of EUR 0.015 per kilogram of minor construction waste without the content of pollutants for the collection of minor construction waste which are classified to the regime of pay-as-you-produce collection.

The municipal waste generated in the municipality territory is disposed in the waste dump Rišňovce-Rumanová. The biodegradable waste arising in the municipality territory is collected to colourful brown bins placed in households and is recovered in the composting plant in Výčapy-Opatovce. The transport of biodegradable waste from gardens, parks and public spaces (branches, roots, shrubs, vine leaves and etc.) is secured as well twice a year by means of contracted partner to the composting plant in Výčapy-Opatovce. Collection is realized in the collection place determined by the municipality to pre-parked large-capacity containers. The particular items of municipal waste from sorted collection are transported to the final-sort plant in Lužianky. The collection and removal of bulky waste from households is performed by bulky containers. The collection of bulky waste is performed twice a year (spring and autumn collection of bulky waste) in the places determined by the municipality. Edible oils are collected by a delivery method to bins placed near the municipal office during the working time.

The assessed municipality has concluded the contract with an authorized person performing the collection of electro waste, lubricating oils, dyes, chemicals and other hazardous waste in the territory of municipality. The municipality has established the collection yard where all the items of municipal waste except for hazardous waste can be delivered.

## 4 Conclusion

The local fee for municipal waste and minor construction waste is determined by the municipality pursuant to the Act on Local Taxes and Local Fees in the generally binding regulation. Revenues deriving from fees serve solely to the municipality for the reimbursement of costs combined with the collection, transport and disposal of waste. The local fee is a real financial tool for municipalities to acquire resources in order to cover the costs of the particular waste producers presented by legal entities and individuals.

In 2016 the municipal waste per capita in the selected municipality presented the amount of kilogram 292.83 (Annual report on municipal waste of the municipality, 2016). In respect of the process of trend observation of the amount of generated waste in the SR a slight increase can be stated. While in 2011 there was the amount of kilogram 327.39 per capita and in 2016 a total amount of generated waste per capita presented the amount of kilogram 348 (Eurostat, 2017).

By comparison with the above mentioned values, it can be concluded, that the reviewed municipality produced less amount of municipal waste per capita.

On the other hand, in the year 2016, the amount of recovered waste per capita, in the reviewed municipality, presented the amount of kilogram 102.49 (Annual report on municipal waste of the municipality, 2016). Following the survey, it derives that almost 35% from the total amount of generated waste in the municipality is formed by the recovered waste. The remaining part of waste, i.e. 65% from the total amount of generated waste in the reviewed municipality presents landfilled waste. From the year 2010 the amount of waste disposed by landfilling increased to the level of 5 million tonne in the year 2013 whereby the ratio of waste disposal by landfilling exceeds the level 50% in the waste management (Programme of waste management in the SR for the years 2016-2020, 2015). The disposal of waste by landfilling presents the negative trend in the waste management which needs to be eliminated in every municipality. As regards a low dynamics of sorted waste in the prior period it is indispensable to observe the level of sorted waste each year and in case of negative development to adopt immediate measures for its support (Programme of waste management in the SR for the years 2016-2020, 2015).

Emphasizing the environmental protection as well as the increase in tax revenues it is advisable recommended decreasing of the landfilling level and increasing of the waste recovery. One of the manners is presented by the increase in the local fee rate for municipal waste and minor construction waste. The active information campaign focused on the environmental protection and waste sorting could be an inseparable part of measures.

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