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Item 301

ACT

of February 21, 2014
on the Village Fund

Section 1 This Act lays down the rules for the establishment of a Village Fund, hereinafter referred to as the “Fund”, and for partial reimbursement of the expenditures made from the Fund.

Section 2 1. The municipal council shall make a decision concerning the ring-fencing of funds in the municipal budget to establish the Fund by adopting a resolution in which it consents or refuses to consent to the establishment of the Fund.

2. A resolution adopted after March 31 of the year preceding the financial year which said resolution concerns shall be invalid.

3. A resolution consenting to the establishment of the Fund shall be applicable to the financial years following the year in which it is adopted.

4. A resolution refusing consent to the establishment of the Fund shall only be applicable to the financial year following the year in which said resolution is adopted.

5. The Fund is not a special purpose fund as defined under the Act of August 27, 2009 on Public Finances (Dz.U. of 2013, item 885, 938 and 1646).

6. The Fund’s resources are allocated to carry out projects which are proposed in the application referred to in Section 5, which are the municipality’s own tasks, and which serve to improve the quality of life of the municipality’s inhabitants and are consistent with the its development strategy.

7. The Fund’s resources may be allocated to cover expenses aimed at mitigating the effects of a natural disaster, as defined under the Act of April 18, 2002 on the State of Natural Disaster Emergency. (Dz.U. No. 62, item 558, as amended¹¹⁾).

Section 3 1. The amount of funds allocated to a given village shall be calculated according to the following formula:

$$F = \left(2 + \frac{L_m}{100} \right) \times K_b,$$

whereas the individual symbols indicate:

F – amount of funds allocated to a given village, but not more than ten times *K_b*,

L_m – number of inhabitants of a village as at June 30 of the year preceding the financial year, determined pursuant to a register of permanent residents maintained by the municipality and referred to under Section 44a(1)(1)(a) of the Act of April 10, 1974 on the Register of Residents and Identity Cards (Dz.U. of 2006, No. 139, item 993, as amended²²⁾),

K_b – the base amount, calculated as the quotient of the actual current revenues of a given municipality, as referred to in the legal provisions on public finances, for the year preceding the financial year by two years, and the number of

¹ Amendments to the Act were published in Dz.U. of 2002, No. 74, item 676, Dz.U. of 2006, No. 50, item 360 and No. 191, item 1410, Dz.U. of 2007, No. 89, item 590, Dz.U. of 2009, No. 11, item 59, Dz.U. of 2011, No. 222, item 1323, Dz.U. of 2012, item 908 and Dz.U. of 2013, item 1635.

² Amendments to the consolidated text of the Act were published in Dz.U. of 2006, No. 144, item 1043, Dz.U. of 2007, No. 21, item 125, Dz.U. of 2008, No. 70, item 416, No. 171, item 1056, No. 195, item 1198 and No. 220, item 1414, Dz.U. of 2009, No. 22, item 120, No. 39, item 306, No. 69, item 595 and No. 223, item 1777, Dz.U. of 2010, No. 239, item 1593, Dz.U. of 2011, No. 204, item 1195, Dz.U. of 2012, item 161, 921 and 1407, and Dz.U. of 2013, item 1650.

the inhabitants of the area of a given municipality as at December 31 of the year preceding the financial year by two years, as determined by the President of the Central Statistical Office.

2. By July 31 of the year preceding the financial year, the head of the municipality (the mayor of the town or city municipality) shall inform the heads of villages of the amount of funds referred to in Section 3(1), and funds specified by the resolution referred to in Section 4(1), allocated to a given village.

3. By July 31 of the year preceding the financial year, the head of the municipality (the mayor of the town or city municipality) shall report the amount of the funds referred to in Section 3(1) and the base amount (K_b) to the provincial governor [*the representative of the central government in the province*].

4. Having verified the information referred to in Section 3(3), the provincial governor shall provide collective information to the minister responsible for public administration by August 15 of the year preceding the financial year.

5. Failure by the head of the municipality (the mayor of the town or city municipality) to provide the information referred to in Section 3(3) by July 31 of the year preceding the financial year shall result in the municipality losing its right to partial reimbursement of the expenditures made from Fund in the given financial year.

6. Any amounts of the Fund unused in the financial year shall be forfeited at the end of the year.

7. The municipality shall receive a special purpose subsidy from the national budget as partial reimbursement of the expenditures made from the Fund. The reimbursement shall cover the expenditures made in the year preceding the financial year. The amount of the expenditures forming the basis for the calculation of the reimbursement may not exceed the amount reported by the head of the municipality (the mayor of the town or city municipality) pursuant to Section 3(3).

8. Expenditures made from the Fund shall be reimbursed in the following amount:

- 1) 40% of expenditures – for municipalities where K_b is lower than the average K_{bk} in Poland,
- 2) 30% of expenditures – for municipalities where K_b is between 100% and 120% of the average K_{bk} in Poland,
- 3) 20% of expenditures – for municipalities where K_b is higher than 120% but not higher than 200% of the average K_{bk} in Poland,

where K_{bk} stands for the average base amount in Poland calculated for rural municipalities and urban-rural municipalities included in the territorial register referred to in Section 47 of the Act of June 29, 1995 on Public Statistics (Dz.U. of 2012, item 591, and Dz.U. of 2013, item 2), as at January 1 of the year preceding the financial year.

9. The average base amount in Poland shall be determined by dividing the total amount of the actual current revenues of rural and urban-rural municipalities, as referred to in the legal provisions on public finances, by the number of inhabitants of rural and urban-rural municipalities as at December 31 of the year preceding the financial year by two years, as determined by the President of the Central Statistical Office.

10. The basis for the calculation of the average base amount in Poland shall be the actual current revenues as reported for the year preceding the financial year by two years in the financial statements of rural and urban-rural municipalities, whose obligation to produce financial statements results from the legal provisions on public finances concerning budgetary reporting, taking into account any corrections filed with the relevant regional tax chambers by June 30 of the year preceding the financial year.

11. The minister responsible for public finances shall calculate the average base amount in Poland for a given year and shall publish it in the Public Information Bulletin by August 31 of the year preceding the financial year.

12. Via a regulation, the minister responsible for public administration shall determine:

- 1) specimens of the informational reports referred to in Sections 3(3) and 3(4),
 - 2) the procedure for partial reimbursement of the municipality's expenditures from the Fund and a specimen of the application for such reimbursement,
- guided by the need to ensure financial resources for municipalities and taking into account the need to ensure the correctness and completeness of the reported data.

Section 4 1. The municipal council may increase the amount of the Fund beyond the amount calculated pursuant to Section 3(1) by adopting a resolution by June 30 of the year preceding the financial year, determining the rules for increasing the amount of the Fund allocated to particular villages.

2. A resolution adopted after the time limit referred to in Section 4(1) shall be invalid.

3. A resolution referred to in Section 4(1) shall be applicable to the financial years following the year in which it is adopted.

4. The amount by which the Fund is increased shall not be included in the amount of expenditures made from Fund that may be partly reimbursed under Section 3(7).

Section 5 1. In order to receive the amounts from the Fund in a given financial year, a village must file an application with the head of the municipality (the mayor of the town or city municipality).

2. A village's application shall be adopted by the village assembly on the initiative of the head of the village, the head of the village's advisory board, or at least 15 adult inhabitants of the village.

3. The application should indicate the projects to be carried out in the village with the use of the funds allocated to the village pursuant to the information referred to in Section 3(2), and should include the justification for such projects as well as an estimation of the costs thereof.

4. By September 30 of the year preceding the financial year to which the application refers, the head of the village shall submit the application to the head of the municipality (the mayor of the town or city municipality) in order for said application to be included in the draft budget of the municipality.

5. Within 7 days from receiving the application, the head of the municipality (the mayor of the town or city municipality) shall reject any application not compliant with the conditions referred to in Sections 5(2)–5(4) and shall inform the head of the village thereof.

6. Within 7 days from receiving the information referred to in Section 5(5), the head of the village may uphold an application not compliant with the conditions referred to in Sections 5(2)–5(4) and may submit said application to the municipal council via the head of the municipality (the mayor of the town or city municipality).

7. If the application was rejected by the head of the municipality (the mayor of the town or city municipality) due to its non-compliance with the conditions referred to in Sections 5(2) or 5(3), the village assembly may re-adopt the application.

8. Within 7 days from receiving the information referred to in Section 5(5), the head of the village must submit the application re-adopted by the village assembly to the municipal council via the head of the municipality (the mayor of the town or city municipality).

9. If the application is upheld by the head of the village, it shall be processed by the municipal council within 30 days from the day on which it is received. The municipal council shall reject any application not compliant with the conditions referred to in Sections 5(2)–5(4) or an application upheld after the lapse of the time limit referred to in Section 5(6). The head of the municipality (the mayor of the town or city municipality) shall be bound by the decision of the municipal council.

10. If the application is re-adopted, it shall be processed by the municipal council within 30 days from the day on which it is received. The municipal council shall reject any application not compliant with the conditions referred to in Sections 5(2) or 5(3) or any application submitted after the lapse of the time limit referred to in Section 5(8). The head of the municipality (the mayor of the town or city municipality) shall be bound by the decision of the municipal council.

11. When adopting the budget, the municipal council shall reject a village's application if the proposed projects fail to meet the requirements specified in Section 5(6) or 5(7).

Section 6 1. Villages may carry out joint projects.

2. Each of the villages intending to carry out a joint project shall adopt a separate application.

3. The provisions of Section 5 shall apply accordingly; however, the application should indicate the projects to be carried out within the area of a given village or another village within the given municipality.

Section 7 1. During a financial year but not before the adoption of the municipal budget for the given year and not later than by October 31 of a given financial year, a village may submit an application to the head of the municipality (the mayor of the town or city municipality) to change the projects to be carried out with the Fund's resources, or the scope thereof.

2. The application referred to in Section 7(1) may not result in the amount of the funds initially granted under the budget resolution being exceeded.

3. An application submitted with after the time limits referred to in Section 7(1) shall be rejected.

4. Sections 5(2), 5(3) and 5(5)–5(11) shall apply to the application referred to in Section 7(1) accordingly.

Section 8 The Act of September 24, 2010 on the register of residents (Dz.U. No. 217, item 1427, as amended³) shall be amended as follows:

1) Section 67 shall be repealed;

2) after Section 68, the following Section 68a shall be added:

“Section 68a Section 3(1) of the Act of February 21, 2014 on the Village Fund (Dz.U. item 301) shall be replaced by:

“1. The amount of funds allocated to a given village shall be calculated according to the following formula:

$$F = \left(2 + \frac{L_m}{100} \right) \times K_b,$$

whereas the individual symbols indicate:

F – amount of funds allocated to a given village, but not more than ten times K_b ,

L_m – number of inhabitants of a village as at June 30 of the year preceding the financial year, determined pursuant to a register of residents maintained by the municipality, as referred to in the Act of September 24, 2010 on the Register of Residents (Dz.U. No. 217, item 1427, as amended⁴),

K_b – the base amount, calculated as the quotient of the actual current revenues of a given municipality, as referred to in the legal provisions on public finances, for the year preceding the financial year by two years, and the number of inhabitants of the area of a given municipality as at December 31 of the year preceding the financial year by two years, as determined by the President of the Central Statistical Office.’”.

Section 9 In 2014, a municipality shall receive a special purpose subsidy from the national budget as partial reimbursement of the expenditures made from the Fund in 2013, in accordance with the existing laws.

Section 10 The existing implementing legislation enacted pursuant to Section 2(9) of the Act repealed by Section 11 shall remain in force until the entry into force of the implementing legislation enacted pursuant to Section 3(12) of this Act, but not longer than for 12 months from the entry of this Act into force.

Section 11 The Act of February 20, 2009 on the Village Fund (Dz.U. No. 52, item 420 and No. 157, item 1241, and Dz.U. of 2010, No. 217, item 1427) is repealed.

Section 12 1. The maximum limit of expenditures from the national budget as a financial consequence of this Act shall be:

³ Amendments to the Act were published in Dz.U. of 2010, No. 239, item 1593, Dz.U. of 2011, No. 133, item 768, No. 204, item 1195 and No. 288, item 1689, Dz.U. of 2012, item 921 and 1407, and Dz.U. of 2013, item 1650.

⁴ Amendments to the Act were published in Dz.U. of 2010, No. 239, item 1593, Dz.U. of 2011, No. 133, item 768, No. 204, item 1195 and No. 288, item 1689, Dz.U. of 2012, item 921 and 1407, Dz.U. of 2013, item 1650, and Dz.U. of 2014, item 301.

- 1) in 2014: PLN 68,000,000;
- 2) in 2015: PLN 98,000,000;
- 3) in 2016: PLN 129,000,000;
- 4) in 2017: PLN 132,000,000;
- 5) in 2018: PLN 135,500,000;
- 6) in 2019: PLN 138,500,000;
- 7) in 2020: PLN 142,000,000;
- 8) in 2021: PLN 145,500,000;
- 9) in 2022: PLN 149,000,000;
- 10) in 2023: PLN 152,500,000.

2. The minister responsible for public administration shall monitor the use of the maximum amounts specified in Section 12(1) and shall implement the correction mechanism referred to in Section 12(3).

3. If there is a risk that the maximum limit of expenditures referred to in Section 12(1), as specified for a given financial year, will be exceeded, a correction mechanism shall be applied involving a reduction of the amount of the reimbursement of the expenditures made from the Fund, for each of the groups of municipalities with a given *Kb* referred to in Section 3(8), by a factor calculated as the difference between the sum of the funds resulting from all the information referred to in Section 3(4) and the limit referred to in Section 12(1) divided by the sum of the funds resulting from all the information referred to in Section 3(4).

4. In the case referred to in Section 12(3), the minister responsible for public administration shall publish in the Public Information Bulletin, by September 15 of the year preceding the financial year, information on the corrected amount of the partial reimbursement of the municipalities' expenditures made from the Fund in the year for which the average base amount in Poland was announced for each group of municipalities with a given *Kb* referred to in Section 3(8).

Section 13 This Act shall enter into force 7 days after its publication.

President of the Republic of Poland *B. Komorowski*