

Assessment of the validity of the dog fee in the Silesian Voivodeship - the authors' own research

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Abstract - Effective implementation of pro bono tasks on the local level may be carried out only if local government units (LGUs) obtain sufficient volume of income. One of the types of LGUs' own revenue at the commune level is the dog fee, which, as it appears, constitutes a very low share in the total income of the commune. On top of that, the costs of enforcement of this fee are very high and there is a large number of personal exemptions. The purpose of the paper is to verify the legitimacy of maintaining the dog fee in the communes of the Silesian Voivodeship in the light of the authors' own research regarding the year 2016. The conducted research indicated that in all of the analysed communes the income from the dog fee stood below the level of 0.5% of the total income. The theoretical part of the paper highlights the essence of financial independence of a commune in the context of imposed taxes and local fees, and includes a review of literature in this field. The empirical part presents the results of research conducted by the authors with respect to the effectiveness of the enforcement of the dog fee and the volumes of income earned from the fee as compared with other sources of LGUs own income.

Index Terms—the dog fee, financial economy of local government units, LGUs' own revenue

I. INTRODUCTION

The idea of self-governance emerged from the desire of local communities to organize the surroundings in which they reside on a daily basis. The term 'local government' relates to the scope of competences determined by law to administer one's own affairs independently. In Poland, the basic level of the local government system in Poland is called a commune which, as the smallest administrative unit of the country, has the priority of self-determination which includes collection of taxes and charging local fees.

One of such fees is the dog ownership fee which was introduced in 2009. Previously, the dog ownership fee was a constituent of local taxes. Changing the tax into a dog ownership fee had far-reaching legal consequences because a

tax is obligatory and a fee is optional. Moreover, the introduction of a dog ownership fee required adopting a special resolution by the municipal authority. From the point of view of the commune's budget, the charge on having a dog is not a significant source of income. This puts into question the very sense of existence of the dog fee especially considering the difficulties of the fee's enforcement.

II. FINANCIAL ECONOMY OF A COMMUNE

Communes, under the Act of 8 March 1990 on local government, have financial independence, which manifests itself in the right to create their own budget i.e. an income plan and a plan for current and property expenses. Such plans determine communal development. The financial autonomy of the commune is treated as a synonym of independence and self-reliance (Kosek-Wojnar, 2006). In this sense, K. Surówka indicates the relationship between the essence of the income independence and the adequacy of the income to perform public tasks in a given commune (Surówka, 2013).

However, G. Davulis, K. Peleckis and N. Slavinskaite rightly claim that the level of financial autonomy of the commune depends on its own financial resources guaranteed by applicable law (Davulis, Peleckis, Slavinskaite, 2013). The greater ability to generate their own revenues is guaranteed by binding legal regulations to self-government units, the more important role these revenues play in the public-interest area. In turn, W. Gonet draws attention to an unfavourable distribution of public resources between the state budget and the budget of local governments, which results in a poorly constructed system of local government units and overload of tasks they must deal with (Gonet, 2013). The financial independence of local governments, which is an important element of the decentralization of public administration and an effective system of public tasks implementation, is also stressed by the authors such as B. Kotarba and A. Kołomycew (Kotarba,



Kołomycew, 2014).

The concept of independence is also identified with autonomy i.e. the right of a given community to self-determine its internal affairs also in the context of financial matters. L. Pratchett considers the concept of local autonomy from three angles (Pratchett, 2004):

- freedom from central interference;
- discretionary power to achieve specific objectives or outcomes;
- reflection of the local identity.

The financial autonomy of communes means that they can independently shape their own:

- income within the scope of their competences and in compliance with the law,
- expenditures in accordance with the applicable legal regulations, mainly related to spending funds only on their own tasks.

According to article 242, paragraph 1 of the Act of 27 August 2009 on public finance, the body constituting a local government unit cannot adopt a budget in which the planned current expenditure exceeds the planned current income plus a budgetary surplus from previous years and free funds referred to in article 217, paragraph 2 point 6.

When talking about financial autonomy of a local government unit, it is natural to look for a way to measure it, and thus compare different ranges of financial autonomy of subnational government according to the European System of National Accounts. S. Swianiewicz proposes to use the so called ladder of financial autonomy, the construction of which is based on the assumption of the degree of autonomy in specific aspects. The income will then include (Swianiewicz, 2011):

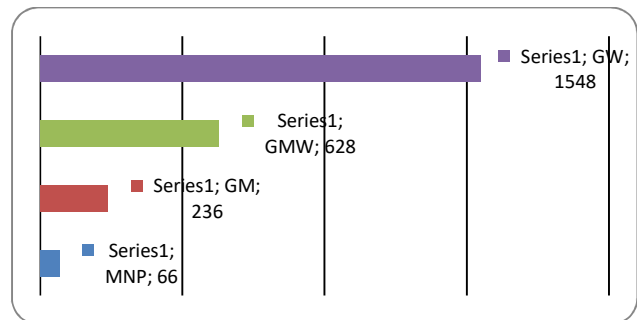
- local taxes (the widest extent of financial autonomy – the LGU chooses the local tax from a wide range of options allowed in a given country and also independently determines rates, concessions and other elements of the tax structure, the narrowest range of financial autonomy - both the local tax rate, as well as acceptable tax reliefs are determined at the central level);
- transfers (the widest scope of financial autonomy – the LGU receives a general subsidy, based on a stable and transparent algorithm, the narrowest scope of financial autonomy - the local government receives a subsidy with a specific manner of its use),
- indebtedness (the widest scope of financial autonomy - lack of formal legal restrictions or limits on indebtedness of local government units, and the use of debt instruments is determined only by market conditions, the narrowest financial autonomy - the government is deprived of the possibility of going into debts).

Local fees, including the dog ownership fee, due to their very low contribution to the total income, do not constitute the actual financial independence of the commune.

III. METHODOLOGY BEHIND THE RESEARCH ON THE DOG FEE IN THE SILESIAN REGION

The functioning of communes is regulated by the Act of 8 March 1990 on municipal self-government. As of 1 January 2018, the administrative division distinguishes 16 voivodships, 314 poviats and 2,478 communes (302 municipal communes, including 66 towns with poviat rights, 628 urban-rural and 1,548 rural). Chart 1 shows the number of individual types of LGUs as of 1 January 2018.

CHART 1. NUMBER OF LGUS IN POLAND ACCORDING TO TYPES ON 1 JANUARY 2018



Source: own study

The authors conducted their research on the dog fee in the area of the Silesian Voivodeship which consists of:

- 19 towns with poviat rights,
- 49 municipalities,
- 22 urban-rural communes,
- 96 rural communes.

It can be clearly seen that there is a greater number of rural communes in the studied area, and the smallest number of towns with poviat rights, which corresponds to the specificity of the country as a whole.

The following number of LGUs participated in the research:

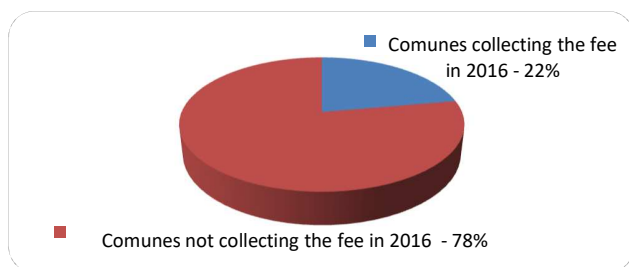
- 16 towns with poviat rights, which constitutes 84% of all poviat towns from the Silesian region,
- 21 urban municipalities, which is 42% of all municipal communes in the Silesian voivodeship,
- 18 urban-rural communes, which constitutes 81% of all urban-rural communes in the Silesian Voivodeship,
- 62 rural communes, accounting for 64% of rural communes in the Silesian Voivodeship.

The research was carried out on the basis of a questionnaire, which was sent by e-mail to all communes of the Silesian Voivodeship. In addition, the results of the survey were supplemented with data available on the websites of individual municipalities and data appearing in the Public Information Bulletin (BIP). The questionnaire was sent directly to the e-mail box of a given unit or to the commune secretary. Feedback was sent via e-mail and then edited for the purposes of the study. Due to ambiguous answers twenty communes were not included in the survey. The communes which provided answers to fewer than three questions were also excluded from the survey. In most cases the feedback was received within one week. Responses that were received later than one month after

the questionnaire had been sent, were not included in the survey either. Some units sent their answers twice (this was the case of three communes) and the answers were divergent, in which cases the authors accepted the responses which had been sent first. The questionnaire consisted of twelve questions in which relevant data was to be provided or one of a number of boxes was to be ticked. The research was carried out between October 2017 and February 2018.

The research results show that in 2016 only a small number of local government units in the studied area introduced a fee for owning a dog. Among the communes participating in the study, only 26 municipalities introduced such a fee, and the remaining 91 communes gave up its collection on the basis of a relevant resolution of the commune council. Chart 2 presents the percentage of communes which in 2016 charged the dog fee.

CHART 2. THE NUMBER OF COMMUNES CHARGING DOG OWNERSHIP FEES IN 2016



Source: own study

The dog fee in the analysed communes in the analysed period ranged from PLN 20 to as much as PLN 84 for the first dog. The fee concerned the first dog, because in some communes the price to be paid for the next dog was different. The reason for this is the fact that communes in an attempt to reduce the number of dogs in their area raised the fee for each consecutive dog. The increase in the fee was usually observed in small rural communes which frequently face the problem of excessive number of dogs and homeless dogs (this issue was addressed in the latest report on the problem of homeless animals published in May 2016 at <http://www.boz.org.pl/raport/2016.pdf>). The fee for the next dog was higher in the following communes: Hażlach (the first dog PLN 36, the next PLN 48), Świnna (the first dog PLN 40, the next PLN 45), and Zebrzydowice (the first dog PLN 30, the next PLN 60). In the above communes, the number of inhabitants did not exceed 13,000 people who lived mainly in agricultural holdings. For example, the commune of Hażlach had 948 agricultural holdings and 800.76 ha of utilized agricultural lands, with the total area of 1233.19 ha.

Some communes, on the other hand, lowered the fee for another dog. This was the case in: Będzin (the first dog PLN 45, the next PLN 25), Łędziny (the first dog PLN 30, the next PLN 20), Strumień (the first dog PLN 40, the next PLN 30), and Twaróg (the first dog PLN 20, the next PLN 10). The lowest dog fee was observed in the following communes: Twaróg and Radziechowy-Wieprz (PLN 20 per one dog in 2016), while the highest fee in 2016 was collected by the city of Tychy (PLN 84 per dog). Table 1 presents the amount of dog ownership fee in 2016 in relation to the number of communes that collected it.

TABLE 1.

THE AMOUNT OF DOG OWNERSHIP FEES IN THE COMMUNES OF THE SILESIA VOIVODESHIP

Dog fee in PLN	20	23	24	25	30	35	36	40	45	46	48	50	55	58
Number of communes	2	1	1	1	7	3	1	4	1	1	1	1	1	1

Source: own study

The average amount of the dog fee charged in the Silesian communes (fee for the first dog) is PLN 35.73. Most of the surveyed communes introduced a fee ranging from PLN 30 to PLN 40. Looking at the current situation, 26.92% of communes introduced a fee of PLN 30 and less than 15.35% introduced a fee of PLN 40.

IV. THE REVENUE FROM THE DOG OWNERSHIP FEE IN 2016

As regards the amount of realized income from fees at the end of 2016 among local government units of the Silesian Voivodeship, two basic values should be taken into account: the percentage share and value of the revenue from the dog fee in the realized total income. The above values are presented in Table 2.

The town of Będzin recorded the largest realized proceeds from the dog ownership fee - PLN 48 354,16. The Żywiec commune recorded the second largest proceeds i.e. PLN 45 762,77, in the third place was the town of Czechowice-Dziedzice which collected PLN 31 996,17. In turn, the smallest revenue for the dog fee was generated in the Łękawica commune (only PLN 138). It must be emphasized here that although the top three communes collected thousands of PLN from the dog fee, still, this revenue constituted less than 0.5% of the total budget revenues of these communes.

However, the comparison of the above revenues with the amount of fee that was collected, triggers the following conclusions: the town of Będzin set the dog fee at PLN 45 for the first dog and at PLN 25 for each consecutive one, the fee was paid by 103 feepayers, there is no data how many people paid for more than one dog. Nevertheless, the amount of income obtained compared to the number of feepayers seems to be very high. Hence, it can be inferred that a part of this amount came from feepayers who paid arrears due in previous years.

In 2016 the commune of Żywiec charged PLN 50 per dog, the fee was paid by 863 taxpayers, and as the result the revenue of PLN 43,150 was generated i.e. the amount was lower than the one received at the end of 2016 by the unit. Probably this difference was caused by the arrears paid for the the previous years.

The Czechowice-Dziedzice commune charged PLN 40 per one dog. Out of 1,358 residents obliged to pay the fee, only 802 residents actually made the payment. Thus, it can be calculated that the income from the fee should have amounted to PLN 32,080 but in reality it was PLN 31,996. Here again, the difference probably stems from the previous years' arrears.

TABLE 2.

PERCENTAGE SHARE OF THE VALUE OF REVENUE FROM THE DOG FEE IN THE TOTAL REALISED INCOME IN 2016

No	Commune	Share and value of revenue from the dog fee in total income [%]	Value of revenue from the dog fee [PLN]
1	Będzin	0.0200	48 354.16
2	Brenna	0.0200	3 780.00
3	Czechowice-Dziedzice	0.0300	31 996.77
4	Dębowiec	0,0545	4 845.00
5	Gaszowice	0,0300	9 084.00
6	Gorzyce	0.0200	29 065.00
7	Hązlach	0.0150	13 286.00
8	Knurów	0.0400	30 080.57
9	Krupski Młyn	00003	2 662.00
10	Lędziny	0.0400	7 150.00
11	Lubomia	0	9 735.00
12	Lyski	0.0400	6 960 00
13	Łękawica	0	138 00
14	Mszana	0.0120	9 732.50
15	Poręba	0.0150	896.50
16	Piekary Śląskie	0.0030	28 587.49
17	Pyskowice	0	6 052.00
18	Radziechowy -Wieprz	0.0300	1 735.00
19	Strumień	0.0100	380.00
20	Szczyrk	0.0020	7 757.00
21	Świnna	0.0010	1 040.00
22	Tworóg	0.0070	640.00
23	Tychy	0.0420	1 107.00
24	Zawiercie	0.0400	13 963.00
25	Zebrzydowice	0.0200	20 083.57
26	Żywiec	0.0200	45 762.77

Source: own study

When the number of Czechowice-Dziedzice residents obliged to pay the dog fee is compared to the number of residents who actually made the payment, it becomes clear that just about half of them met this obligation. Had this obligation been met by all fee payers, the income received would have been much higher and would have amounted to PLN 54,320. However, this amount would still constitute less than 1% of the total expenditure (the realised value of Czechowice - Dziedzice commune's own revenues at the end of 2016 was PLN 57 407 827.00).

In other communes the revenue generated from the dog fee in 2016 varied from several hundred PLN to several dozen thousand PLN, with the average of approximately PLN 9,500 per commune. If the amount of the collected fee in the communes of Będzin, Żywiec and Czechowice-Dziedzice (where the highest revenue from the dog fee was generated) is compared with the average fee in all analysed communes (PLN 35.73), it can be seen that each of the three communes charged

a fee higher than the average in the study. In the commune of Łękawica which has a population of 2,685 (as for the year 2016) and where the fee was set at PLN 46, the income was the smallest because the fee was paid by only three fee payers.

V. COMPARISON OF REVENUE FROM THE DOG FEE WITH OTHER TYPES OF OWN REVENUE

The comparison was based on the statement of income from fees with the realized value of own revenues in individual communes at the end of 2016. Pursuant to article 167, paragraph 2 of the Constitution, and as of 2004 pursuant to article 3, paragraph 2 of the Act on revenues of territorial self-government units, the legislator treats as the LGUs' own income the shares with the following characteristics:

- shares collected from the sources located in the local government's area of activity,
- shares further transferred to the disposal of LGUs in full and for an indefinite period by law,
- shares coming from sources for which local authorities can exert influence, deciding on their introduction or at least determining the legal structure of these incomes (Kotlińska, 2009).

Therefore, it should be pointed out that the most important kind of income of the commune, in accordance with the Constitution, is the tax on: real estate, agricultural, forestry, transport, taxation in the form of tax card, inheritance and donations, civil law transactions and receipts from fees: stamp duty, market, local, resort fee and service charge, 37.89% income tax from individuals resident in the commune, 6,71% of income from corporate income tax and organizational units without legal personality having their registered office in the commune, income obtained by budgetary units of municipalities, payments from budgetary establishments and budgetary units of the commune, but also interest on the municipal funds, collected on bank accounts, and income from commune assets.

The analysis began with the presentation of the amount of income from fees with the realized value of own revenues, Table 3.

In case of the three communes, which in 2016 obtained the largest income of own revenues in terms of the sum of revenue from the dog fee, it can be observed that this fee did not play a significant role. The highest value of realized own incomes was recorded by the commune of Tychy – 436 111 106.9 PLN, Będzin commune – 140 297 724.10 PLN and the commune of Żywiec 126 595 558.00 PLN. With amounts reaching several hundred million of own revenue (in PLN), the sum obtained from the dog fee seems to be insignificant, because it constitutes such a low amount of income that its absence is unnoticeable for the budget of the commune.

TABLE 3.
AMOUNT OF REVENUE FROM DOG OWNERSHIP FEE AND THE AMOUNT OF OWN
REALIZED REVENUE AT THE END OF 2016

No.	Commune	Revenue from dog ownership fee [PLN]	Amount of realised own revenue [PLN]
1	Będzin	48 354.16	140 297 724.10
2	Brenna	3 780.00	43 111 432.86
3	Czechowice-Dziedzice	31 996.77	57 407 827.00
4	Dębowiec	4 845.00	15 681 233.48
5	Gaszowice	9 084.00	32 589 541.22
6	Gorzyce	29 065.00	53 331 591.00
7	Hazlach	13 286.00	35 626 716.32
8	Knurów	30 080.57	115 987 771.40
9	Krupski Młyn	2 662.00	17 358 097.17
10	Lędziny	7 150.00	17 333 685.98
11	Lubomia	9 735.00	33 745 846.71
12	Lyski	6 960.00	16 999 079.07
13	Łękawica	138.00	8 370 949.00
14	Mszana	9 732.50	13 053 775.50
15	Poręba	896.50	26 271 840.55
16	Piekary Śląskie	28587.49	71 827125.54
17	Pyskowice	6 052.00	40.191.074.80
18	Radziechowy –Wieprz	1 735.00	12 985 958.95
19	Strumień	380.00	23.034.457.63
20	Szczyrk	7 757.00	18 274 938.67
21	Świnna	1 040.00	10 130 933.68
22	Tworóg	640.00	7 185 034.64
23	Tychy	1 107.00	436 001 106 19
24	Zawiercie	13 963.00	99 751 493.95
25	Zebrzydowice	20 083.57	20 540 976.14
26	Żywiec	45 762.77	123 695 568.00

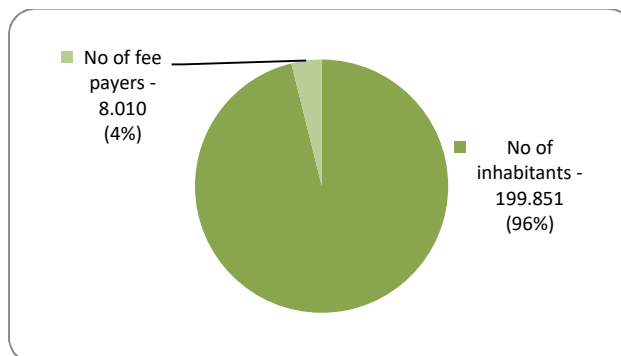
Source: own study

Moreover, the fee covers only a relatively small part of the communities in the Silesian Voivodeship. Another important issue is the fact that, in reality, only few obliged fee payers actually paid the fee, Figure 3.

VI. CONCLUSIONS

The dog fee does not contribute much to the coffers of the Silesian communes, especially when compared with budget inflows from other sources of income such as property, sale or lease of individual parts of property, especially land, municipal buildings or technical infrastructure. The income generated by the dog fee seems to be negligible. In practice, in all of the analysed communes, the dog fee revenue stood below the value of 0.5% of the commune's total income. This clearly illustrates considerably low validity of maintaining such a fee.

FIGURE 3. THE NUMBER OF FEEPAYERS OBLIGED TO PAY THE DOG FEE VS. THE NUMBER OF PEOPLE WHO PAID THE FEE IN 2016



Source: own study

The funds collected from the dog fee in the analysed communes did not exceed several thousand of PLN, which does not significantly affect the general budget of the commune. Another important issue that supports the statement that the fee should be abolished, is the fact that the fee is extremely difficult to enforce. Communes, of course, may try to enforce the payment but the costs of such proceedings are high, the process is long and the value of the debt incurred is inadequate to the expenditure paid. Therefore, the only resort for the communes is sending a reminder to the fee payers to settle the obligation. It is entirely up to the payers to pay the fee or to evade it.

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