

Decision Enacting the Law on Amendments to the Law on Distribution of Public Revenues in the Herzegovina-Neretva Canton

In the exercise of the powers vested in the High Representative by Article V of Annex 10 (Agreement on Civilian Implementation of the Peace Settlement) to the General Framework Agreement for Peace in Bosnia and Herzegovina, according to which the High Representative is the final authority in theatre regarding interpretation of the said Agreement on the Civilian Implementation of the Peace Settlement; and considering, in particular, Article II.1.(d) of the last said Agreement, according to the terms of which the High Representative shall “[f]acilitate, as the High Representative judges necessary, the resolution of any difficulties arising in connection with civilian implementation”;

Recalling paragraph XI.2 of the Conclusions of the Peace Implementation Conference held in Bonn on 9 and 10 December 1997, in which the Peace Implementation Council welcomed the High Representative’s intention to use his final authority in theatre regarding interpretation of the Agreement on the Civilian Implementation of the Peace Settlement in order to facilitate the resolution of any difficulties as aforesaid “by making binding decisions, as he judges necessary” on certain issues including (under sub-paragraph (c) thereof) measures to ensure implementation of the Peace Agreement throughout Bosnia and Herzegovina and its Entities which “may include actions against persons holding public office or officials...who are

found by the High Representative to be in violation of legal commitments made under the Peace Agreement or the terms for its implementation”;

Noting that the Steering Board, at its meeting held at Political Directors’ level on 26 September 2003, considered the resolution of the Mostar question as crucial to the sustainable and peaceful development of Bosnia and Herzegovina;

Bearing in mind the special status given to Mostar under the Dayton Agreement on Implementing the Federation of Bosnia and Herzegovina, signed on 10 November 1995, and in the Annex thereto which establishes principles for the Interim Statute for the City of Mostar;

Further bearing in mind that the political authorities at the “City” and the “City-Municipality” levels have hitherto failed to unify the City of Mostar under the said Interim Statute, and have, rather, used the City-Municipalities to create parallel institutions and divide the City;

Mindful of the need to consolidate the administrative, functional and legal unity of the City of Mostar in a manner that promotes efficiency in the delivery of services, guarantees the fundamental rights of all citizens, ensures the collective rights of the constituent peoples and prevents dominance by one segment of the population of Mostar;

Acknowledging the work of the Commission for Reforming the City of Mostar established by the High Representative on 17 September 2003 (hereinafter: “the Commission”);

Welcoming the efforts undertaken by the political parties involved in the said Commission which culminated in concrete proposed solutions to various key issues relating to the reorganization of the City of Mostar;

Convinced that said proposed solutions provide a sound basis

for the establishment of the aforementioned guarantees and safeguards, and, further contain carefully negotiated power-sharing provisions aimed at enabling the citizens of Mostar to build a foundation for a progressive future predicated upon, *inter alia*, protection of national vital interests;

Encouraged that said proposed solutions emerged from the broadest possible consensus with respect to the reorganization of the City of Mostar;

Regretting that the parties involved in the Commission failed to reach a consensus on two outstanding issues and convinced that the resolution of said issues would significantly improve applied standards of governance in the City while maintaining an electoral architecture reflective of the *sui generis* circumstances in Mostar arising from profoundly conflicting interests among its constituent peoples.

Bearing in mind that the Steering Board of the Peace Implementation Council, at its meeting held in Brussels on 11 December 2003, “committed itself to give its full support to the implementation of a solution to the issue of Mostar based on a single coherent city administration with effective guaranteed power-sharing mechanisms which prevent any one people having majority control of the City Council and to act to ensure that implementation of the plan in the coming months has the necessary political and economic support”;

Stressing the need to hold democratic elections at local level in Mostar as well as throughout Bosnia and Herzegovina on the first Saturday of October 2004 and bearing in mind the need to start preparing those elections;

Noting that the successful implementation of such a solution and, in particular, the restructuring of the City Administration, in light of its new competencies, requires sufficient resources to be placed at the disposal of the City authorities; and

Having considered, borne in mind and noted all the matters aforesaid, the High Representative hereby issues the following

DECISION

Enacting the Law on Amendments to the Law on Distribution of Public Revenues in the Herzegovina-Neretva Canton

The said Law, which is hereunder attached as an integral part of this Decision, shall enter into force as a law of the Herzegovina-Neretva Canton as provided for in Article 8 thereof, on an interim basis, until such time as the Cantonal Assembly of the Herzegovina-Neretva Canton adopts this Law in due form, without amendment and with no conditions attached.

This Decision shall come into force forthwith and shall be published without delay in the Official Gazette of the Herzegovina-Neretva Canton.

Law on Amendments to the Law on Distribution of Public Revenues in the Herzegovina-Neretva Canton

Article 1

Article 5 of the Law on Distribution of Public Revenues (Official Gazette of Herzegovina-Neretva Canton, 04/00) shall be amended and shall read as follows:

“The City of Mostar shall participate in the following public revenues:

1. Turnover tax on goods and services;
2. Payroll tax and labour tax;
3. Capital transfer tax;
4. Other taxes in line with the regulations of the City of Mostar;

5. Taxes in accordance with the HNC Law on Taxes;
6. Tax on profit of natural persons;
7. Property tax;
8. Real estate tax and property rights tax;
9. Tax on royalties, patent incomes and technical improvement incomes;
10. Inheritance and gift tax;
11. Taxes on gambling and betting stakes;
12. Income tax from agricultural activities;
13. Total income tax of natural persons; and
14. Tax on consumption of alcoholic and non-alcoholic beverages in catering industry.

Revenues generated through the activities of the bodies and institutions of the City of Mostar shall be put into the Budget of the City of Mostar.”

Article 2

In Article 6, the title of the Section II shall be amended and shall read as follows:

“II. REVENUES WHICH BELONG TO THE MUNICIPALITIES”

Article 3

In Article 6, the title of the Section and the Section III shall be amended and shall read as follows:

“III. REVENUES WHICH BELONG TO THE CITY OF MOSTAR – FINANCING OF THE CITY ADMINISTRATION

1. Revenues generated on the territory of the City of

Mostar which in 100% belong to the City of Mostar:

- Revenues from the entrepreneurial activities and property;
- Taxes in accordance with the regulations of the City of Mostar;
- Fees for managing the areas and structures for insuring the infrastructure;
- Duties;
- Penalties;
- Other fees;
- Subsidies (grants); and
- Other revenues in accordance with the regulations of the City of Mostar.

2. Revenues generated on the territory of the City of Mostar which in 80% belong to the City of Mostar:

- Capital transfer tax.

3. Revenues established at the territory of the City of Mostar which in 50% belong to the City of Mostar:

- Payroll tax and labor tax; and
- Taxes in accordance with the Law on taxes of the Herzegovina-Neretva Canton.

4. Revenues generated at the territory of the City of Mostar which in 25% belong to the City:

- Turnover tax on goods and services except the turnover tax on products from the tariff no. 1 of the Tariffs of the tax on sale of goods”.

Article 4

In Article 7, Item 8, after the word “municipalities”, the words “and to the City of Mostar” shall be inserted.

Article 5

In Article 8, after the words "shall be financed from the budget of the Municipalities", the words "and the City of Mostar" shall be inserted.

In Item 1, after the word "Municipal", the words "and City of Mostar" shall be inserted.

In Item 2, after the words "established by the Municipality" and after the words "institutions which are of importance for the Municipality", the words "and the City of Mostar" shall be inserted.

In Item 3, after the words "institutions which are of importance for the Municipality", the words "and the City of Mostar" shall be inserted.

Article 6

Articles 9 and 10 shall be deleted.

Article 7

In Article 12, the words "Payment Operations Bureau" shall be deleted and replaced with the words "the authorised institution for payment transactions".

Article 8

This Law shall enter into force on 1 March 2004 and shall be published without delay in the Official Gazette of Herzegovina-Neretva Canton.

Sarajevo, 28 January 2004

*Paddy Ashdown
High Representative*