

COUNTY ASSEMBLY OF KITUI

SECOND ASSEMBLY- FIFTH SESSION

PAPER LAID

(Chairperson, Joint Committee on Finance and Economic Planning, and Budget and Appropriations)

Mr. Speaker Sir,

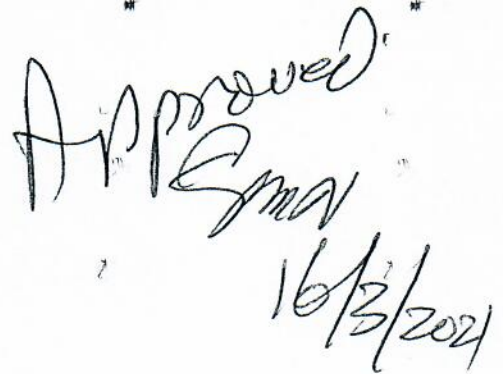
THAT, pursuant to the provisions of section 133 of the Public Finance Management Act, 2012 and Standing Order No. 216, I beg to lay the following paper on the table of the County Assembly today, Tuesday 16th March, 2021.

The Report by the Joint Committee on Finance and Economic Planning, and Budget and Appropriations on Consideration of the Kitui County Finance Bill, 2020 (C/A Bill No. 4 of 2020).



Hon. Johnson M. Kanandu (M.C.A.)

Date: 16.03.2021



COUNTY ASSEMBLY OF KITUI
OFFICE OF THE CLERK

TEL: (044)22914
Email: kituiassembly@gmail.com
kituiassembly@gmail.com



Clerk's Office,
Kitui County
Assembly,
P.O. Box 694-90200,
Kitui, Kenya.

INTERNAL MEMO

TO: The Clerk of Assembly

THRO' In-charge LP&P

FROM: Clerk Assistant (TC 7)

DATE: 15th March, 2021

REF: CAK/7/1/VOL. IV (7)

**SUBJECT: REPORT ON CONSIDERATION OF THE KITUI COUNTY
FINANCE BILL, 2020.**

The above subject matter refers;

Forwarded herewith, please find the report by the joint committees on Finance and Economic Planning, and Budget and Appropriations on consideration of the Kitui County Finance Bill, 2020 (C/A Bill No. 2 of 2021).

Kindly facilitate it approval for tabling.


KELVIN MUMO

(Clerk serving the Committee on Finance and Economic Planning.)

Forwarded
21/3/2021
16/3/2021
Mr. Speaker
You may approve
this report
16/3/2021

Approved
GMA
16/3/2021

COUNTY GOVERNMENT OF KITUI



**THE COUNTY ASSEMBLY
SECOND ASSEMBLY – (FIFTH SESSION)**

**JOINT COMMITTEES ON FINANCE AND PLANNING, AND BUDGET
AND APPROPRIATIONS**

**REPORT ON CONSIDERATION
OF THE
KITUI COUNTY FINANCE BILL, 2020
(COUNTY ASSEMBLY BILL, NO. 2, 2021)**

**Clerk Chambers,
County Assembly Buildings,
Kitui, Kenya**

March, 2021

ANNEXURES

- i. The signed joint Committees members' lists (Annex i).
- ii. Invitation to submit written memoranda advert (Annex ii)
- iii. Committees' minutes adopting the report (Annex, iii)

“Despite paragraph (1) –

- a) The Speaker may direct that a particular Bill be committed to such committee as the Speaker may determine.
 - b) A County Revenue Fund Bill, an Appropriation Bill, a Supplementary Appropriation Bill or a Finance Bill shall be committed to the Budget and Appropriations Committee.
- ii. Standing Order 217 inter alia states *“the Finance Committee shall introduce, to the County Assembly, the Finance Bill in the form in which the Bill was submitted as a legislative proposal by the Member of County Executive Committee responsible for finance together with the report of the Committee on the Bill.”*

Based on the above, the joint Committees mandate was established with the following Terms of Reference:-

- i. To analyse and consider the Kitui County Finance Bill, 2020;
- ii. To undertake public participation programs on the Kitui County Finance Bill, 2020;
- iii. To consider the submissions of the members of public and the stakeholders on the Kitui County Finance Bill, 2020; and
- iv. To present a report on the Kitui County Finance Bill, 2020 before the Honourable Assembly for adoption.

From the foregoing, it is clear that there is a mix-up in the committees' mandate and the Committee on Procedure and Rules should move with speed to address some of these gaps in the Kitui County Assembly Standing Orders.

- | | |
|----------------------------|--------|
| 8. Hon. Jefferson Kiruru - | Member |
| 9. Hon. Eliud Ndinguri | Member |
| 10. Hon. Anthony John | Member |
| 11. Hon. Florence Singi - | Member |

5.0 BACKGROUND

Mr. Speaker,

Section 133 of the Public Finance Management Act, 2012 requires that *“not later than ninety days after passing the Appropriation Bill, the County Assembly shall consider and approve the Finance Bill with or without amendments.”*

The County Executive Committee Member, County Treasury submitted for approval by the Assembly, the Kitui County Finance Bill, 2020 on 25th November, 2020. Standing Order 110 on the introduction of the Bills to the Assembly in sub section (6) provides that;

“A Bill shall be signed by the Member in charge of it and shall be introduced by way of First Reading in accordance with Standing Order 119 (First Reading of Bills)”.

In furtherance to the above provisions, The Kitui County Finance Bill, 2020 was read a first time on 2nd December, 2020 and consequently committed to the joint Committees on Budget and Appropriations, and Finance and Planning in accordance with the provisions of Standing Order Nos. 120 (6) and 217 respectively. The Committees were tasked to deliberate on the Bill, consider the views of the general public as required by law and make a report for tabling in the Assembly.

Mr. Speaker,

As envisaged in Standing Order No. 120 (3), the Committee to which a Bill is committed is mandated to facilitate public participation and shall take into account the views and recommendations of the public when making a report

The purpose of this part is to ensure that the revenue base of the County is not affected through any omissions by enacting this law.

PART III – FINES AND PENALTIES.

This includes penalties charged on outstanding rates for property taxes, penalties on outstanding house rent, outstanding business permits and general penalties.

PART IV – MISCELLANEOUS PROVISIONS.

This part of the bill outlines miscellaneous provisions for appointment and duties an agent for purposes of collection or recovery such other fees, measures to prevent non-remittance of collected revenue, amendment to Schedules and provides for power to make regulations.

PART V – SCHEDULES.

The Bill has two schedules which provides for different categories as below;

First Schedule – Taxes, Charges, Fees and Rates.

Second Schedule – Categories of Markets/Economic Zones.

Mr. Speaker,

The memorandum of objects and reasons of this Bill is to prescribe the rates of taxes, fees and charges from properties which include land and buildings, businesses, markets, agricultural produce, outdoor advertisement, health services, vehicle parking, heritage sites, county parks, entertainment and mining and extraction activities.

service delivery and also to accomplish the devolved functions bestowed on it by the Fourth Schedule of the Constitution of Kenya, 2010.

8.0 CONSIDERATION OF THE KITUI COUNTY FINANCE BILL, 2020.

Mr. Speaker,

It is important to note that in adherence to Standing Order No. 217(3), the joint Committees invited the County Executive Committee Member, County Treasury to share with the Committees the following crucial information before making her recommendations to the Kitui County Finance Bill, 2020.

These included;

- i. Justification of the new charges introduced in the Bill,
- ii. Justification for the addition of charges proposed in the Bill,
- iii. Detailed report on implementation status of the Kitui County Finance Act, 2018 including Local revenues realised and analysed in revenue streams since implementation of the Act.
- iv. Challenges encountered (if any).
- v. Recommendations from the Ministry to be incorporated in the joint committees' report (if any).

The joint committees also sought clarifications from the Chief Officer Finance, Revenue Director, and CECM Lands, Infrastructure and Urban Development to get insight into specific concerns within the ministries which would enhance the members' comprehension of the submitted Finance Bill.

Mr. Speaker,

In compiling this report, the joint Committees held a total of Nine (9) day's sittings; six (6) at Travellers Beach Hotel, Mombasa as from 15th to 20th

of the Finance Bill, 2020 are as below:-

i. The legal framework in the implementation of the Finance Act, 2018.

The Finance Bill, 2020 is a mechanism of the County Assembly of Kitui to provide for various taxation, imposition of fees and charges for services and other revenue raising measures of the County Government. The Bill should have enabling policies and legislations for the different revenue streams duly approved by this House to ensure proper implementation of the same and realisation of the full Budgeted revenue of the Kitui County Government.

These are;

- The Revenue Administration Policy and Bill
- Trade (Licensing) and Markets Acts
- Liquor Licensing Act
- Property rates Act,
- Dividends sharing policy for the County corporations

ii. Public Participation

The Finance Bill is part and parcel of the budget cycle as per section 125(1) (i) of the PFM Act, 2012. Matters relating to public finance must undergo public scrutiny as envisaged in Article 201(a) of the Constitution of Kenya and Section 125(2) of the PFM Act, 2012. The County Treasury should provide evidence to indicate that public participation was carried out on this Finance Bill, 2020.

iii. Weaknesses in County Revenue Collection.

c. Charges on Ballast Crusher products under the Ministry of Trade, Cooperatives and Investments.

v. Consistency with the approved fiscal framework.

The 2020/21 FY approved County budget projected to collect Kshs. 600 Million out of which the County had only managed to collect a meagre Kshs. 175 Million by the end of February, 2021. To achieve the difference, the County should initiate practical steps such as fully automated systems, strong enforcement and supervision teams, training and motivation of revenue collectors, sensitization of traders, improvement of market facilities and related amenities, proper collection, management and reporting on Appropriation in Aid (A.I.A) and ensure all collections are banked in the County Revenue Fund.

vi. Non-compliance with the Finance Act, 2018 provisions.

There are concerns that the charges being levied are in some cases not in sync with the Finance Act, 2018. This results into either undercharging or over charging of the traders. The collectors must be sensitised on the Finance Act Provisions to ensure compliance and avoid possible litigation in future.

vii. Market infrastructure improvement.

The state of facilities in markets across the County is wanting especially on social amenities such as;

- Public toilets (Non-existent or few)
- Water supply (Non-existent or broken down)
- Poor or no fences at all around our markets and stock rings

- iii. The County Treasury must put in place a performance measurement framework for all revenue collectors to enhance collection, efficiency and accountability. The revenue officers should be hands-on in the collection of charges, permit and license fees rather than waiting for the traders to look for them in order to make the necessary payments.
- iv. The Kitui County Valuation Roll to be immediately availed and publicized (in places accessible by the general public) in order to facilitate its implementation through payment of rates/rents of the attached properties. During interactions with the office of the CECM LIHUD, the joint committees were reliably informed that the final report on valuation roll is expected to be finalised by end of March, 2021 and will be fully operationalised to increase land rates tax base.
- v. The County Government to roll-out a program to renovate the existing County houses which are in a dilapidated state and undervalued in order to advance them to competitive market conditions and realise better rent rates.
- vi. The Committee on Lands, Infrastructure and Urban Development to conduct a full inspection of the County houses to establish areas for improvement and repairs, and current status before the said maintenance and facelifts.
- vii. The County to revise the Land rates upwards in the coming financial year i.e. 2021-2022. The current rates are very low when compared to those of other Counties and this can be an avenue to increase generation of Own source revenue.

“In considering a Bill in Committee, the various parts thereof shall be considered in the following sequence –

- (a) clauses as printed, excluding the clauses providing for the citation of the Bill, the commencement, if any, and the interpretation;
- (b) new clauses;
- (c) schedules;
- (d) new schedules;
- (e) interpretation;
- (f) preamble, if any;
- (g) long title;
- (h) the clauses providing for the citation of the Bill and the commencement.

In adherence to the above sequence, the joint Committees make the following specific recommendations to the Finance Bill, 2020;

CLAUSES WITHOUT AMENDMENTS

CLAUSE 2, 4, 5, 6, 7, 8, 9, 10, 11, & 13

THAT, Clauses 2, 4, 5, 6, 7, 8, 9, 10, 11, and 13 as printed be part of the Bill.

CLAUSES WITH AMENDMENTS

CLAUSE 3

THAT, Clause 3 be amended in Sub-Clause 3(3) as follows;

- i. By inserting the word “**of**” in between the words “use” and “county” in the second line of the Clause in page Two (2) of the Bill.

D. BARRIER CHARGES

Nos	Description	Unit measure	Charges 2020/2021 (Kshs)
1	Mineral cess e.g. clay, limestone, marble, quarry, gypsum, granite and other low valued minerals	Per ton	1,000
Committees' recommendations			500
2	Mineral cess e.g. iron ore and other minerals of high value	Per ton	3,000
Committees' recommendations			2,000

E. USER FEES BY MINISTRIES

MINISTRY OF ENVIRONMENT, ENERGY & NATURAL RESOURCES

Nos	Description	Unit measure	Charges 2020/2021 (Kshs)
1	Tree cutting/ pruning certificate within towns	Category A, B, C, D & E	3,500
Committees' recommendations			1,000

11.0 CONCLUSION

Mr. Speaker,

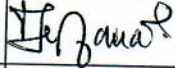
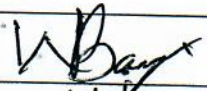


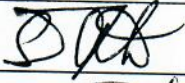
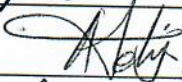

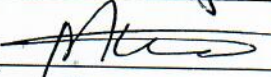


Finally, on behalf of our colleagues, we would like to assure this House that the recommendations presented in this report will go a long way in guaranteeing that our County meets the set projections by authorising collection of the stipulated Taxes, Charges, Fees and Rates for the Financial Year 2020/2021, and addressing the challenges experienced overtime.

It is now our pleasant duty to present the report on the Kitui County Finance Bill, 2020 and its recommendations to this House for consideration and **Adoption.**

Report Compiled by Chris Mwangangi and Kelvin Mumo.

ADOPTION OF THE COMMITTEE REPORT IN THE KITUI COUNTY FINANCE BILL, 2020.

We the members of the committee on Finance and Planning do hereby append our signatures to this report to approve of its authenticity.

NO	NAME	DESIGNATION	SIGNATURE
1	Hon. Johnson Kanandu	Chairperson	
2	Hon. Esther K. Ndile	V. Chairperson	
3	Hon. Waziri Bakari	Member	
4	Hon. Nzomo Mwalali	Member	
5	Hon. Jefferson Kiruru	Member	
6	Hon. Stephen Musili	Member	
7	Hon. Antony John	Member	
8	Hon. Eliud Ndinguri	Member	
9	Hon. Florence Singi	Member	
10	Hon. David Masaku	Member	
11	Hon. James Nzamba	Member	

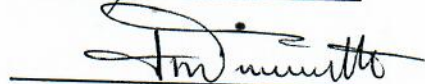
ADOPTION OF THE JOINT COMMITTEE REPORT ON THE KITUI COUNTY FINANCE BILL, 2020

We the honourable members of the Budget and Appropriations committee do hereby append our signatures to this report to affirm its accuracy, validity and authenticity;-

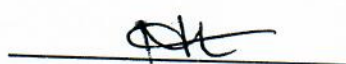
1. Hon. Boniface K. Kasina - Chairperson.



2. Hon. James M. Munuve - Vice Chairperson



3. Hon. Mary P. Ndumbu - Member



4. Hon. Stephen I. Katana - Member



5. Hon. Sylvester K. Muniyalo - Member



6. Hon. James M. W. Kula - Member



7. Hon. Deiys M. Mukala - Member



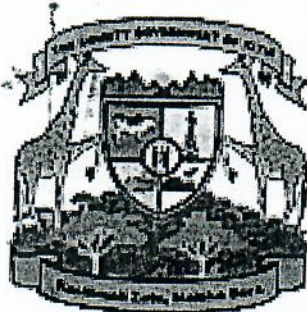
8. Hon. Alex N. Musili - Member



9. Hon. Anne M. Mumo - Member



COUNTY GOVERNMENT OF KITUI



THE COUNTY ASSEMBLY SECOND ASSEMBLY - FOURTH SESSION

PUBLIC HEARING ON THE KITUI COUNTY FINANCE BILL, 2020/2021

Pursuant to the provisions of Article 196(1) (b) of the Constitution of Kenya 2010, the Kitui County Assembly Standing Order no. 120(3) and in adherence to the guideline issued by the National Emergency Response Committee (NERC) on public gathering due to the Covid - 19 Pandemic, the County Assembly of Kitui hereby informs the general public that the public participation of **THE KITUI COUNTY FINANCE BILL, 2020/2021** will be conducted through submission of written Memoranda.

The Bill having been read for the first time and committed to the Finance and Planning Committee pursuant to Standing Order No. 120 to facilitate public participation members of the general public, civil society, NGOs, professional groups, youth women groups, persons living with disability, traders and faith based organizations are encouraged to participate.

Copies of the proposed Bill can be obtained from the County Assembly website www.kituicountyassembly.org/

Views or memoranda on the Bill may be hand delivered to the respective Member of the County Assembly ward office, Office of the Clerk P.O. Box 694 - 9020 Kitui or emailed to kituiassembly@gmail.com on or before Wednesday February 3rd, 2021 by 5.00 p.m. (Soft copies are however preferable through the provided email address.)

E.M.A. MUTAMBUKI
CLERK OF ASSEMBLY

COUNTY ASSEMBLY OF KITUI
SECOND ASSEMBLY – THIRD SESSION

MINUTES OF THE COMMITTEE ON FINANCE AND PLANNING/
COMMITTEE ON BUDGET AND APPROPRIATIONS MEETING HELD AT
CONCORD HOTEL NAIROBI DURING CONSIDERATION OF THE KITUI
COUNTY FINANCE BILL 2020 ON 6TH MARCH, 2021 AT 2:30 P.M. TO
5.30 P.M.

PRESENT

FINANCE COMMITTEE MEMBERS

- | | |
|----------------------------|-----------------|
| 1) Hon. Johnson Kanandu | - Chairperson |
| 2) Hon. Kalunda Ndile | - V/Chairperson |
| 3) Hon. Stephen Musili | - Member |
| 4) Hon. Nicholas Mwalali | - Member |
| 5) Hon. Jefferson Kiruru | .. |
| 6) Hon. Jehoshaphat Nzamba | .. |
| 7) Hon. Florence Singi | .. |
| 8) Hon. Antony John | .. |
| 9) Hon. Eliud Nding'uri | .. |
| 10) Hon. Waziri Bakari | .. |
| 11) Hon. David Masaku | .. |

BUDGET AND APPROPRIATION COMMITTEE MEMBERS.

- | | |
|----------------------------|------------------|
| 1. Hon. Boniface K. Kasina | - Chairperson |
| 2. Hon. James M. Munuve | - V/Chairperson. |
| 3. Hon. Mary P. Ndumbu | - Member |
| 4. Hon. Stephen Katana | - Member |
| 5. Hon. Sylveſter Munyalo | - Member |
| 6. Hon. James W. Kula | - Member |
| 7. Hon. Deiys M. Mukala | - Member |
| 8. Hon. Alex N. Musili | - Member |
| 9. Hon. Anne Mumo | - Member. |

CONFIRMED BY:

Johnson Kanandu

HON. JOHNSON KANANDU

CHAIRPERSON – COMMITTEE ON FINANCE AND PLANNING

COUNTY ASSEMBLY OF KITUI.

DATE.....

06 03 - 2021