

COUNTY ASSEMBLY OF KITUI;

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



OFFICE OF THE CLERK

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TO: THE CLERK OF ASSEMBLY.

THROUGH: THE PRINCIPAL CLERK ASSISTANT.

*Forwarded
16/10/2023
S.C.A*

FROM: CLERK ASSISTANT SERVING THE COMMITTEE ON FINANCE AND ECONOMIC PLANNING.

DATE: 16TH OCTOBER, 2023.

REF: CAK 9/9/VOL II (59)

RE: REPORT BY THE COMMITTEE ON FINANCE AND ECONOMIC PLANNING ON CONSIDERATION OF THE KITUI COUNTY FINANCE BILL FOR THE FINANCIAL YEAR 2023/2024.

The above subject matter refers,

The Committee on Finance and Economic Planning retreated to Mwingi to consider the Kitui County Finance Bill, 2023 and compiled a report on the same for adoption by the House.

The Committee interrogated the document keenly and thoroughly. Below is the executive summary of the report.

Chapter 12 of the Constitution of Kenya, 2010 and the Public Finance Management Act, 2012 places responsibility on the legislature over the management of public resources in regard to resource mobilization, allocation, monitoring and control.

*Yes
for
Adoption
17/10/2023*

*Approved
17/10/2023*

manner in which the activity is being conducted by both arms of the Government.

ii. In order for the County to realize the projected revenue and to safeguard the administration and collection of revenue, the enabling legislations and policies for instance the revenue administration bill must be urgently drafted and dully approved.

iii. The Ministry of Trade, Industry, MSMEs, Innovation and Cooperatives must ensure an immediate and consistent upgrade of market facilities across the County in order to address the shortcomings in revenue collection arising from the same. Further, the Ministry should organize trade shows and exhibitions on annual bases to show-case their products and reach broader audience.

iv. The County Treasury in consultation with the County Assembly to put in place tax incentives such as waiver of penalties, payment in instalments and tax compliance awards to recognize and motivate the business community.

v. Civic education and public awareness campaigns on revenue collection should be rolled out to the stakeholders prior to preparation of Finance Bills to enable the public familiarize themselves with targets, strategies of enhancing revenue as well as challenges involved in revenue collection within the County.

vi. The CECM for the Ministry of Finance, Economic Planning and Revenue Management should adhere to section 132 of Public Finance Management Act and be submitting the Finance Bill to the Assembly at the appropriate time in order for the Assembly to have adequate time to consider it.

Further, the Committee had the following justifications informing the proposed amendments to the First Schedule;

- i. The reduction of land rates in Mwingi and Kitui Municipalities, Sub County Headquarters and other trading centres were reduced with an aim of lowering the burden of the residents especially in lower economic segments with a purpose to motivate them to invest.
- ii. The charges of Miraa/Kangeta/Muguka (Khat) transporters were increased to discourage consumption of Khat in the County.
- iii. The charges of Charcoal Yards/Store between over 50 bags or premises with over 100m² were slightly increased to discourage the charcoal trading thus conserving the environment in the long run.
- iv. Penalty for illegal sand harvesting was hiked to discourage the trade.
- v. The charges on scrap metal stores/dealers were increased in order to reduce the increased vandalism of critical public infrastructure, including railways, road infrastructure and transmission lines.
- vi. Motor bike spare parts charges in other trading centres were reduced to encourage trade and investment in those economic zones and any other upcoming trading centres.
- vii. Mineral investment is a profitable business and most companies have capitalized on the demand for these resources. The committee felt that the proposed charges on mineral cess were very little hence slightly increased it to enable the County derive greater economic benefits from them.

COUNTY GOVERNMENT OF KITUI



COAT OF ARMS

THE COUNTY ASSEMBLY
THIRD ASSEMBLY – (SECOND SESSION)

COMMITTEE ON FINANCE AND ECONOMIC PLANNING REPORT ON
CONSIDERATION OF THE KITUI COUNTY FINANCE BILL, SEPTEMBER

2023

(COUNTY ASSEMBLY BILL, NO. 4, 2023)

October, 2023

Clerk Chambers,
County Assembly Buildings,
Kitui, Kenya

A handwritten signature in black ink, appearing to be 'M. Mwangi', is written over the typed name of the Clerk Chambers.

Handwritten signature

ACRONYMS AND ABBREVIATIONS

- FY - Financial Year.
- PFM - Public Finance Management Act, 2012.
- PWDs - Persons with Disabilities.

1. Hon. Munyoki Mwinzi

2. Hon. Waziri Bakari

3. Hon. Paul Maluki

4. Hon. Benjamin Mulandi

5. Hon. Mary P. Ndumbu

6. Hon. David Masaku Munyau

7. Hon. Peter Kitonyo Mwanza

8. Hon. Munira Mohamed

9. Hon. Nzavu Mwanzia

10. Hon. Grace Syoindo Mulandi

11. Hon. Mary Mbithe

- Chairperson
- V/Chairperson
- Member
- Member
- Member
- Member
- Member
- Member
- Member
- Member
- Member
- Member

4.0 ACKNOWLEDGEMENT

Hon. Speaker,

The Committee extends her appreciation to the Offices of the Speaker and that of the Clerk of the County Assembly for the support and facilitation accorded to her in the execution of its mandate, and the opportunity accorded to its members to develop this report.

I also wish to extend my sincere gratitude to the Secretariat for the input and valuable contributions during the compilation of this report.

SIGNATURE

Munyoki Mwinzi

DATE

16/10/2023

HON. MUNYOKI MWINZI- MCA

CHAIRPERSON, COMMITTEE ON FINANCE AND ECONOMIC

PLANNING

COUNTY ASSEMBLY OF KITUI.

REPORT PREPARED BY:

1. Cyrus Kiema

2. Dennis Makuthu

- Senior Clerk Assistant.

- Clerk Assistant.

Munyoki Mwinzi

general public to attend to public participation or submit to the County Assembly written memoranda on the Finance Bill, 2023, the committee received a memorandum from Network of Civil Society Organizations as regard to development of a tax waiver and exemption policy for Persons with Disabilities (PWDs). (See annex iv).

Further, the committee conducted public hearing on the Finance Bill, 2023 in different parts of the County as indicated below: -

Day One: Thursday, 5th/10/2023

- i. Mwingi Resource Centre – Mwingi Central and Mwingi West Sub Counties;
- ii. Kyuso Market Shed – Mwingi North Sub County;

Day Two: Friday, 6th/10/2023

- i. Kitui Multipurpose Development Centre Hall – Kitui Central, Kitui West and Kitui Rural Sub Counties;
- ii. Mutomo Chief's Camp – Kitui South Sub County;
- iii. Zombe A.I.C - Kitui East Sub County.

Thereafter, the Committee on Finance and Economic Planning reviewed the Finance Bill FY 2023-2024 taking into consideration the views from the Director of County Revenue Department Ms. Roselyn Munyasya (see annex iii and v), public participation reports (see annex vi), memorandum, and compiled this report for adoption by this house.

6.0 OVERVIEW OF THE FINANCE BILL, FY 2023/24.

Hon. Speaker,

The submitted Kitui County Finance Bill, FY 2023-24 contains five parts as explained below: -

PART I – PRELIMINARY



services, vehicle parking, heritage sites, county parks, entertainment and mining and extraction activities.

7.0 CONSIDERATION OF THE KITUI COUNTY FINANCE BILL FOR THE FINANCIAL YEAR 2023/2024.

Hon. Speaker,

In compiling this report, the Committee held a total of six (6) day's sittings at Dillano Park Hotel in Mwingi as from 11th to 16th October, 2023 where it critically examined the Bill vis-a-vis the Committees' decision on the implementation of the Kitui County Finance Act, 2021/2022 FY and the challenges thereof.

The Bill as submitted has proposed inclusion of additional charges, fees and taxes levied by the County Government outside the Finance Act FY 2021/22 in order to formalize them by unbundling the charges further to smaller categories. There were newly introduced charges into the bill to ensure that it covers the upcoming businesses resulting from diverse and intricate economic activities as evident in the first schedule.

Similarly, the Bill as submitted it has proposed reductions in some charges to lower the burden to residents especially in lower economic segments with a purpose to motivate them to invest. *(Annex ix)*
This comparative analysis was necessary so as to establish a basis of reference in making appropriate recommendations to this report.

Hon. Speaker,

The Committee was also guided by the following key factors:

- i. The prevailing economic environment within the County and economic zones classified in different groupings under the Second Schedule of the Bill.
- ii. The effectiveness and success in implementation of the previous Finance Acts.



has made it difficult for the public to access affordable health services and subsequently facilities lose clientele to the private sector. This translates to loss of revenue to the County.

vi. Existence of high penalties and interest rates on land rates non-payment has acted as a disincentive to comply amongst land owners. There has been intermittent political interference in the collection of and management of own source revenue.

viii. That businesses which are likely to promote bad morals in the society should be discouraged by imposing higher taxation, for instance, Khat and alcoholic drinks.

ix. That businesses whose operations is degrading the climate should be effectively controlled by ensuring the requisite policies are in place.

x. Aware that this committee is in receipt of a memorandum from Network of Civil Society Organizations as regard to development of a tax waiver and exemption policy for Persons with Disabilities (PWDs), the committee observed that their concerns are provided for under the Public Finance Management (Criteria for varying taxes, Granting Waivers or Exemption of taxes, levies, fees or charges) Regulations, 2018 under Section 2(d), 3(ii), 4(i) and 5(a) of these Regulations (*see annex viii*)

9.0 RECOMMENDATIONS AND PROPOSED AMENDMENTS TO THE BILL

Hon. Speaker,

The committee made the following general recommendations and highlighted amendments for adoption by the Assembly: -

a. General Recommendations

i. The County Government should facilitate and hasten the legislation of the public participation law. This would be necessary to cure the anxiety with the members of the public



vii. That, the Finance Bill should include a column that compares previous license charges with the proposed charges, enabling the public to assess changes in fees more easily.

viii. That, the County Treasury provides adequate budget to the Ministry of Health and Sanitation to ensure consistent supply of essential medications and medical supplies thus reducing stock-outs and improving treatment outcomes.

ix. The County should embrace full revenue automation to rip the expansive benefits there - from which gradually out ways the cost of installations.

x. That, the County Assembly should enhance the oversight role. The Committees should conduct oversight role with vigor to ensure budget compliance by the line departments. This will curb any incidents of funds deviation.

xi. That, the responsible County Ministry should fast track operationalization of the charcoal and sand bill. This will provide a framework for responsible revenue use that benefits both the present and future generations.

xii. For the County to achieve its projected revenue targets, the Committee recommends that the Office of the Governor fast track the formulation of a County Inspectorate, Compliance and Enforcement Bill as soon as practically possible. The Inspectorate unit is crucial as it will carry out monitoring, implementation of all county regulations and other Acts which are within its competences, thus ensuring there is ease in the management of prosecutorial process in the county.



THAT, the Second Schedule of the Bill as printed be the Second Schedule to the Bill.

SCHEDULES WITH AMENDMENTS

THAT, amend the First Schedule of the Bill as contained in the table below:

SCHEDULE I: TAXES, CHARGES, FEES & RATES.

1.1 PROPERTY RATES AND RENT AND RELATED CHARGES ON PROPERTY

A) Ministry of lands, infrastructure and urban development (LUD)

DESCRIPTION	PERIOD	AMOUNT PAYABLE
Land rates Mwingi and Kitui Municipalities	Value of land	2% of value of land
Land rates other areas (sub county HQs/upcoming commercial centres and all other trading centres)	Value of land	1.2% of value of land
<i>Committee's Recommendations</i>	Value of land (Mwingi and Kitui Municipalities)	1.5% of value of land
	Value of land (sub county HQs/upcoming commercial centres and all other trading centres)	1% of value of land

Code	Item	Kitui County HQs 2023/24 (Kshs.)	Mwingi Town 2023/24 (Kshs.)	Sub County HQs/upcoming commercial centres 2023/24 (Kshs.)	All other trading centers 2023/24 (Kshs.)	Proposed Fees 2023/2024 FY
117	Charcoal Yards/Store between over 50 bags or	6,000	6,000	4,500	2,500	
1.2 TRADE LICENCES AND PERMITS						
A. SINGLE BUSINESS PERMITS						

[Handwritten signature]

1.4 FINES AND PENALTIES

Description	Unit of Measure	FY 2023/2024
Penalty for illegal sand harvesting	Per vehicle per trip	100,000
Committee's Recommendations	Per vehicle per trip	150,000

LONG TITLE

THAT, the long title of the Bill as printed be the Title to the Bill.

CLAUSE 1 – SHORT TITLE AND COMMENCEMENT

THAT, Clause 1 of the Bill as printed be part of the Bill.

Hon. Speaker,

The Committee finally recommends that all other provisions of the Bill as contained in the First Schedule to be adopted as printed and be part of the Bill.

ON THE SCHEDULES

Hon. Speaker,

The Committee had the following justifications informing the proposed amendments to the First Schedule;












- i. The reduction of land rates in Mwingi and Kitui Municipalities, Sub County Headquarters and other trading centres were reduced with an aim of lowering the burden of the residents especially in lower economic segments with a purpose to motivate them to invest.
- ii. The charges of Miraa/Kangeta/Muguuka (Khat) transporters were increased to discourage consumption of Khat in the County.



Annex I

ADOPTION OF THE REPORT

We Honorable Members of the Committee on Finance and Economic Planning have pursuant to Standing Order 190(5) adopted this report on the consideration of the Kitui County Finance Bill, 2023 (C/A Bill No.4 of 2023) held at Dillano Park Hotel, Mwingi and affix our signatures to affirm approval, confirmation, accuracy, validity and authenticity of the Report.

NAME	DESIGNATION	SIGN.
1. Hon Munyoki Mwinzi	Chairperson	
2. Hon Waziri B. Baraka	V/Chairman	
3. Hon Paul Maluki	Member	
4. Hon Mary M. Musili	Member	
5. Hon Nzavu Mwanzia	Member	
6. Hon Mary P. Ndumbu	Member	
7. Hon Benjamin N. Mulandi	Member	
8. Hon Peter K. Mwanza	Member	
9. Hon Munira Mohammed	Member	
10. Hon. Grace Syoindo Mulandi	Member	
11. Hon. David Masaku	Member	

COUNTY ASSEMBLY OF KITUI

MINUTES OF THE COMMITTEE ON FINANCE AND ECONOMIC
PLANNING MEETING HELD AT DILLANO PARK HOTEL MWINGI ON 16TH
OCTOBER, 2023 AT 10.30 A.M.

MEMBERS:

- | | |
|------------------------------|-------------------|
| 1. Hon. Munyoki Mwinzi | Chairperson |
| 2. Hon. Waziri Bakari Baraka | Vice-Chair Person |
| 3. Hon. Paul Maluki | Member |
| 4. Hon. Nzavu Mwanzia | Member |
| 5. Hon. Mary P. Ndumbu | Member |
| 6. Hon. Benjamin N. Mulandi | Member |
| 7. Hon. Peter Kitonyo Mwanza | Member |
| 8. Hon. David Masaku | Member |

IN ATTENDANCE:

1. Cyrus Kiema
2. Dennis Makuthu-
- Senior Clerk Assistant
- Second Clerk Assistant (Taking Minutes)

AGENDA

- 1) Prayer
- 2) Communication from the chair
- 3) Adoption of the Committee report on consideration of the Kitui County Finance Bill, 2023 (C/A Bill No.4 of 2023)

MIN (F& EP) 001/FINANCE BILL, 2023: PRAYER

The proceedings commenced with a prayer.