



Press release

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Lowest increase in municipal tax revenues since 1987

Dutch municipal budgets show that municipal tax revenues in 2005 will increase by 4.9 percent. This is the lowest increase since 1987. Total tax revenue is estimated at 7.3 billion euro. According to the latest CBS figures, however, the burden on households will increase substantially due to the abolishment of the Zalmsnip subsidy.

Slight increase in property tax and garbage collection rates

Dutch property tax will supply the municipalities with 3.5 billion euro. This is on average 4.0 percent more than in 2004: 3.7 percent for users and 4.2 percent for owners of buildings. Last year the increase averaged 6.8 percent.

Municipalities charge garbage collection rates to pay for the collection and processing of garbage. The garbage collection rates will yield over 1.6 billion euro in 2005, up 2.6 percent on 2004. Last year the increase averaged 5.9 percent.

Sewerage charges increasing substantially

Dutch sewerage charges are the third largest municipal tax. This charge increases by a hefty 8.1 percent. This is due to increasing costs of the sewer system and the aim to charge a larger percentage of the actual costs through the sewerage charges. Furthermore certain municipalities introduced or reintroduced the sewerage charges. Previously those municipalities paid for the sewer system out of property tax.

Increased burden due to abolishment of Zalmsnip tax rebate

Although the revenues in municipal taxes rise fairly little, the burden on households rises substantially. This is mainly because the municipalities no longer receive the Zalmsnip state subsidy as of 2005. This means households will no longer receive their 45.38 euro rebate on municipal taxes. In total a total of 300 million euro is involved in the Zalmsnip subsidy, which was mainly given for rebates in property tax or garbage collection rates.

Other incomes and expenditure lower

Despite the higher tax revenues, the total income for Dutch municipalities will fall. This is mainly due to municipal task reductions. Expenditure on education decreases because the schools are privatised. This means state contributions

for these schools disappear from the municipal budget. A similar effect occurs in social provisions, since the local social services are merged in non-municipal bodies, and child care is financed differently. Income and expenditure in public order and security are increasing relatively fast though. For many municipalities this spearheads their policy.

Municipalities expect to receive 0.8 billion euro less from the municipal fund this year. This is mainly due to the reduction of tasks and the cancellation of the Zalmsnip tax rebate. Moreover the municipalities were too optimistic in their state contribution estimate for 2004.