

## CONSTITUTIONAL CONDITIONS OF FINANCIAL CORRECTIONAL MECHANISM FOR SELF- GOVERNMENT VOIVODESHIPS

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**Abstract.** Correctional and compensatory mechanism that complements own revenues as the main source of financing own tasks and allowing correction of unequal, on a country scale, distribution of potential of self-government's own revenues, is an element of the system of self-government income, including own revenues, general subsidy and grants from the state budget. The elements of this mechanism at the level of self-governing voivodeships are voivodeships' contributions that gain a high level of own incomes from taxes and regional part of subsidy that is financed by the contributions. Fulfillment of the duty of making contributions limits autonomy of disposing own revenues by the self-government of the voivodeship. It is noteworthy, then, that shifting of financial resources between units of self-government of the same level, which is allowed by correctional and compensatory mechanism, is justified by such values and principles that are base to legal system and expressed in Constitution as justice, subsidiarity and solidarity. They cannot therefore be put aside when assessing legal regulation of voivodeship's self-government income system.

**Keywords:** regional part of subsidy, contributions of self-governing voivodeships, autonomy of self-government, the principle of solidarity, the principle of subsidiarity

### INTRODUCTION

The income system of self-government units in Poland in its basis was created at the turn of XXth and XXIst centuries.<sup>1</sup> As Article 167(2) of Constitution states, it includes three elements: own revenues, general subsidy and specific subsidies from the State. Own revenues are the main resource for their own investments, sometimes supported also by the general subsidy. The general subsidy is financed by the State and partly by the payments made by units of local government that gain significant incomes by own revenues. It is all

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<sup>1</sup> By provisions of Constitution of the Republic of Poland of 2 April 1997, Journal of Laws No. 78, item 483 as amended, and Act of 13 November 2003, the Local Government Units Income, Journal of Laws of 2021, item 38 [hereinafter: u.d.j.s.t.].

called by the general name of financial correctional mechanism for self-government that completes own revenues as the main resource for own investments and supporting corrections necessary due to uneven self-government incomes throughout the country. System of incomes of local authority units is supported by specific subsidies from the State that serve the end of realizing state administration orders that local authorities are obliged to fulfill [Hanusz 2015].

This type of self-government incomes has been the object of criticism and some of its details are not considered optimal. There has been a call for e.g. increasing significance of own revenues by providing these units with more resources of gaining them and extending competence of their organs of how to organize own revenues. There is also proposition of modifying financial correctional mechanism for self-government by limitation or even cancelling payments [Weber 2019]. Severe criticism is connected with the mechanism of financing of regional part of subsidy which is the part of voivodeship self-government income realized by payments of voivodeships that gain high income per person.<sup>2</sup> The arguments against it referred to legislation,<sup>3</sup> but also to unwanted results [Żółciak 2018]. But these arguments seem to be unsatisfactory. Resignation from payments of better – off units that would be the support in financing regional part of subsidy cannot be justified in the light of constitutional rules that influence legal regulation of the system of self-government incomes. They are also not rooted in financial conditions of the system.

## 1. CONSTITUTIONAL BASIS FOR SELF-GOVERNMENT INCOME SYSTEM

Legal regulation of the system of self-government incomes in Poland is firmly based in Constitution; it is rooted in the position of self - government in the system of public government and division of public resources between state and self-government administration [Nieżgoda 2012]. The position of self-government in the system of public government is governed mainly by autonomy principle. It follows from the character of self-government units as structures different from state administration. As such, they realize own goals on their own behalf and responsibility (Article 16(2) of the Constitution). Own goals are public tasks that serve the needs of particulars self-government

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<sup>2</sup> Which resulted in eliminating indicated part of general subsidy and contributions from voivodeship self-government income, while temporary leaving them for a period, until 2021. See Article 1 and 2 of the Amendment to Act of Local Government Units Income Act, Journal of Laws of 2019, item 1951.

<sup>3</sup> There were objections on the grounds of non-compliance with Article 167(2) of the Constitution. See the applicants' argumentation presented reasoning of the judgment of Constitutional Tribunal of 4 March 2014, ref. no. K 13/11, OTK-A 2014, No. 3, item 28.

communities (Article 166(1) of the Constitution); they have their own constitutive and executive organs<sup>4</sup> and they can be supervised only in respect of legality of their actions (Article 171(1) of the Constitution). With no autonomy for realizing their own tasks, conditioned by autonomy of taking decisions how to spend financial resources gained by own incomes that are meant to realize public tasks, self-government is of no meaning anymore as it becomes the element of unified state administration.

This autonomy, referred to the system of self-government incomes in its formal aspect, can only be guaranteed by legal regulation (Article 167(3) of the Constitution). Substantively, autonomy is realized by providing self-government units their own resources of financing own tasks, which enables them to decide how to organize the sources (Article 168 of the Constitution) and collecting incomes and also to decide what to spend money on. It is worth adding that in accordance with autonomy principle, if one wishes to be consequent, on one hand incomes that are generated on the territory of particular self-government unit should be administered by it; on the other hand it should also be responsible for financing its own tasks. Polish model of division of tax resources between state administration and local self-governments does not fulfill such a great autonomy.<sup>5</sup>

But autonomy of self-government is not absolute. On the contrary, there are certain limits conditioned by the necessity of realization need of the whole country, i.e. protection of interests the country as a whole [Banasiński 1998, 51], especially in unitarian country.<sup>6</sup> While analyzing the construction of the system of incomes of self-government units from the perspective of political position of these units that is expressed in autonomy of the self-government, one cannot forget about significance of other constitutional values and political rules,<sup>7</sup> as Constitutional Court stated.

One of these principles that is a base to the whole legal order is the principle of justice. Narrowly interpreted, it is identified with equality, is appeared

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<sup>4</sup> The initial ones are elected. See Article 169 of the Constitution.

<sup>5</sup> The model of tax competition, in which every public-law relation has absolute freedom in organizing and imposing public levies, was rejected. The solution using model of differentiation of tax sources and self-government share in state taxes was adopted in provisions of u.d.j.s.t. [Borodo 2012, 26ff]. Such solution is dependent on Act's principle of imposing and organising public levies, resulting from Article 217 of the Constitution. This means, that imposing and shaping their structure is restricted exclusively for state authorities. Limited capabilities, concerning determining the rate of tax and local charges can be given to local government units on the basis of the act in accordance to Article 168 of state's Basic Law [Niezgoda 2010, 360ff].

<sup>6</sup> Principle of the unitarian country is unbreakable boundary for decentralisation actions. See judgement of Constitutional Tribunal of 18 February 2003, ref. no. K 24/02, OTK-A 2003, No. 2, item 11.

<sup>7</sup> Hereinafter: CT. See judgement Of Constitutional Tribunal of 18 February 2003, ref. no. K 24/02.

in Constitutional Court's practice as a constitutional rule long before present Constitution was adopted.<sup>8</sup> Its normative base in Constitution is Article 32(1), according to which everyone is legally equal and should be equally treated by public authorities. The principle of justice is addressing also the legislator.<sup>9</sup> The place of the article in the chapter entitled "Freedom, rights and duties of a man and a citizen" suggests its application to the relation between an individual and the public authority. But it can be argued that the principle of justice as the constitutional pattern can be applied to the division of public resources between public administration and self-government administration, and especially between particular units of self-government which seems to be asserted by the specific system of self-government income. Firstly, the rules of division of public income are decisive in the quality of fulfilling public tasks by the subjects of public government which equals with the access that citizens have to the services of public government. Self-government units fulfill a fair deal of public tasks, ranging from education to transportation and public roads.<sup>10</sup> Principle of justice does not allow for uneven access of citizens to the services that is caused by uneven level of affluence of self-government units. Secondly, principle of justice, as it is mentioned above, is universal and applies to social life as well as to the political life. It should be therefore referred not only to individual citizens, but also to the whole groups, e.g. self-government units.

It means that public income should be divided between public administration and self-government units, and also – which should be stressed because of its relevance to the problem discussed – between specific units of self-government in proportions that reflect their share of realization of public tasks. Financial expression of the responsibility that they take is the money that has to be spent on the tasks. From the perspective of the principle analyzed, system of self-government incomes should ensure division of public incomes proportionally to the outcomes that shall follow from realization of the tasks. Not mentioning complex issue of the way of estimation of outcomes connected to the realization of public tasks and remembering that public tasks of self-government units at the same level are alike, it is worth to notice that limiting the system of self-government incomes to own revenues only which would be in line with principle of autonomy, cannot assure fulfillment of principle of justice understood as the directive of equality.

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<sup>8</sup> See e.g. judgement of 5 November 1986, ref. no. U 5/86, OTK 1986, No. 1, item 1, and of 9 March 1988, ref. no. U 7/87, OTK 1988 No. 1, item 1.

<sup>9</sup> Cf. judgement of the Constitutional Tribunal of 24 October 1989, ref. no. K 6/89, OTK 1989 No 1, item 7.

<sup>10</sup> Listed among voivodeship self-government's tasks in Article 14(1)(1 and 10) of Act of 5 June 1998, the Voivodeship Self-government's, Journal of Laws of 2020, item 1668 as amended.

In the case of ceding all public collections as own revenues of the units of self-government, that would be hard to divide incomes between public administration and self-government units proportionally as to the outcomes. Incomes from the taxation could turn out too high or too low to fulfill assigned tasks. This note, though, becomes less important when considering the system of own revenues of the voivodeship self-government that is based on participation in public taxes, i.e. income taxes that contribute to state budget.<sup>11</sup> In such situation, appropriate division of incomes between public administration and self-government units can be assured by changing the percentage of self-government units in participation of tax incomes. What is more, it must be remembered that the revenue potential is unevenly distributed across the country. Some areas are better economically developed than others. Because of that fact, incomes from public taxation is uneven although these different units have to fulfill the same tasks. It can therefore be assumed that they need to spend similar amount of money, at least *per capita*. Both of these reasons lead to the conclusion that self-government system based on own revenues only cannot assure that principle of justice will be realized as there must be proportionate division of public incomes between public administration and self-government units, in proportion to the responsibility of realization of public tasks. There is a necessity to implement financial correctional mechanism that enables completing self-government units from public resources if needed and can be used to transfer these resources between different units of self-government.

It is worth noting that there is a value that could justify abandoning equality understood as it is shown above. This value, whose normative form is principle of solidarity, that justifies differentiation of self-government units' access to public incomes, is struggling to equalize chances of less affluent regions of the country at a cost paid by better – off units. Its realization requires the existence of financial correctional mechanism in the system of self-government incomes that enables transfer from more to less affluent units within the country.

The principle of solidarity in Polish Constitution is explicitly expressed in the preamble and also in Article 20. In jurisprudence of Constitutional Court is said in according to the public solidarity that the principle analyzed assumes the necessity of looking for the balance of interests of different legal entities as social life is based on codependence and mutual responsibility of

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<sup>11</sup> See Article 6 u.d.j.s.t., according to which voivodeship self-government income from tax is contributing in tax revenues from Personal Income Tax from natural persons residing on the territory of the voivodeship, of 1,60% and contributing in revenues from Corporate Income Tax, from legal persons having their establishment on the territory of the voivodeship, of 14,75%.

all participants.<sup>12</sup> What is more, Constitutional Court states that the principle of solidarity is an axiological base to the Republic as the common good for all the citizens and democratic state of law that embodies the principles of social justice – which is expressed in Articles 1 and 2 of Constitution. This legislation provides grounds to inducing the duty of legislator that is prioritizing common good ahead of particular good when needed. Solidarity is the base of redistributive function of the principle of social justice.<sup>13</sup> Solidarity means therefore necessity of State intervention that should encompass supporting those who need it and no all including affluent ones [Banaszak 2009, 10]. Solidarity means just balancing of interest of particular legal entities. Its essence is shared responsibility for the common good. It requires on one hand restraining from acting that could destroy common interests and on the other hand, fulfilling one's duties and making easier for the other ones to fulfill theirs [Wojtowicz 2009, 219].

The principle of solidarity described above should be taken into account as the factor that shapes the legislation of self-government incomes. As it was mentioned before, the levels of affluence of self-government units vary. It results in uneven access to potential sources of income. It should be remembered that sometimes it is caused by factors that do not depend on self-government communities and local authorities cannot do much about this problem.<sup>14</sup> The principle of solidarity requires therefore that the part of the income of better – off units should be transferred to those that have limited access to sources of own revenues. The analyze of the system of self-government incomes, also seen from the perspective of this principle, leads to the conclusion that it cannot limit to own revenues, only letting units use their resources on their own territory. On the contrary, it should be completed with financial correctional mechanism that allows transferring financial resources between specific units of self-government which will in turn contribute to support less affluent communities and ensure all the people have equal access to the services of public government. Analyzed principle justifies limitations of freedom of particular units to use their own resources if there are other units to be supported.<sup>15</sup> These limitations cannot though overwhelm these affluent units so that they cannot fulfill their own tasks.<sup>16</sup>

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<sup>12</sup> See judgement of 21 March 2000, ref. no. K 14/99, OTK 2000, No. 2, item 61, and of 30 February 2001, ref. no. K 17/00, OTK 2001, No. 1, item 4.

<sup>13</sup> See judgement of the Constitutional Tribunal of 19 December 2012, ref. no. K 9/12, OTK–A 2012, No. 11, item 136.

<sup>14</sup> E.g. presence of the natural resources, management centres, communication routes and development certain branches of economy, dependent on them.

<sup>15</sup> See judgement of Constitutional Tribunal of 4 March 2014, ref. no. K 13/11.

<sup>16</sup> See judgement of Constitutional Tribunal of 16 March 1999, ref. no. K 35/98, OTK 1999, No. 3, item 37.

The principle of solidarity is connected with the principle of subsidiarity in the range in which it shapes the system of self-government incomes. The latter is based on the assumption that whereas some of the tasks can be fulfilled by the communities at the lower level, they cannot be transferred to higher levels, but the communities of higher levels should support the ones of lower levels in their work.<sup>17</sup> In Polish Constitution the principle of subsidiarity is expressed in the final lines of preamble, together with the principle of solidarity. However, there is no doubt that it has been base to the concept of division of public tasks between organs of public administration and the units of self-government of different levels which is expressed in Article 163 and 164 in Constitution. According to them, this is self-government that fulfills public tasks unless they are reserved by Constitution to other organs of public government. Municipality, being the basic unit of self-government,<sup>18</sup> fulfills all the tasks of self-government, not reserved to other levels of self-government units. The principle of subsidiarity can be also seen as axiological base of the system of self-government incomes from Article 167(2) of Constitution. In that paragraph, the legislator, indicating categories of self-government incomes, in the first place indicated own revenues. That means that this category of incomes should be the main resource of financing own tasks. That is, particular self-government units should collect resources to fulfill public tasks assigned to them. These resources come from public dues as well as administering their assets.<sup>19</sup> If this is impossible from certain objectives reasons, these units should obtain the support from the state in the form of general subsidy and specific subsidies. This understanding of the analyzed paragraph of Constitution is coherent with the international regulations of self-government units.<sup>20</sup>

The principle of subsidiarity and with the principle of solidarity as they are applied to self-governmental legislation, can be linked to the principle of proportionality [Stepkowski 2006, 130]. In Constitution, it is expressed in limited way and it is only referred to the issue of the protection of freedom and rights of a human and citizen. Nevertheless, it was already present in jurisprudence of Constitutional Court even before introduction of present Constitution, as the

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<sup>17</sup> Cf. e.g. judgements of Constitutional Tribunal of 8 April 2009, ref. no. K 37/06, OTK–A 2009, No. 4, item 47, and of 12 March 2007, ref. no. K 54/05, OTK–A 2007, No. 3, item 25.

<sup>18</sup> The lowest level unit.

<sup>19</sup> For Self-government voivodeships see Article 6(1 and 2) in connection to Article 3(2) of u.d.j.s.t.

<sup>20</sup> It is in accordance with Article 9 of European Charter of Local Self-Government drawn up in Strasburg on 15 October 1985 (Journal of Laws of 1994, No. 124, item 607 as amended), which does not apply to self-government voivodeship, as local self-government, but was a model for regulations adapted in Poland in regard to local government units income system of all levels [Niezgoda 2012, 82ff]. It is also in accordance to European Charter of Local Self-Government Article 14(3–5), which is not in force.

principle that has broader political meaning and is able to regulate functioning of self-government units.<sup>21</sup> It is also referred to by Constitutional Court as the point of reference while judging the constitutionality of self-government laws on the grounds of present Constitution from 1997<sup>22</sup>. As the Court indicates, this principle must be protected from violation which is excessive interference into self-government units which means that this interference must satisfy three conditions. Firstly, it must lead to intended ends, i.e. it must be purposeful. Secondly, it must be necessary to protect the public interest to which it is connected. Thirdly, its effects must remain proportionate to the measures that are taken on the citizen.<sup>23</sup> The principle of proportionality this understood, in connection with principles of subsidiarity and solidarity, referred to shaping of the system of self-government units incomes, requires that supporting less affluent units by wealthier ones, i.e. having wider access to potential income resources, does not lead to the situation when the latter are devoid of essential portion of own revenues that are needed to fulfill own tasks.<sup>24</sup>

## 2. NORMATIVE REGULATION OF THE FINACIAL CORRECTIONAL SYSTEM OF SELF-GOVERNMENT VOIVODESHIPS

The present normative form of general subsidy and payments for self-government voivodeships is a result of changes by the law of incomes of self-government units introduced due to Constitution Court's decision of non-compliance between Article 163(1) and (3) with Article 167(1) of Constitution of laws Article 31 in connection to Article 25 law indicated that regulate rules of calculating payments and division of regional part of subsidy.<sup>25</sup>

General subsidy for these units consists of three parts: compensatory, regional and educational. The part of the greatest significance is compensatory<sup>26</sup> one and it is financed by the state. It includes two elements: basic amount and compensatory amount. Basic amount is obtained by the voivodeships of low revenue potential. This potential is measured with the rate of tax income per capita. It is calculated by dividing the sum of tax income of self-government voivodeship by the number of its inhabitants. Own tax income of the voivodeship consists of income tax from natural persons and income tax from legal entities and these are the only sources that can be used to calculate the rate

<sup>21</sup> Cf. judgement of Constitutional Tribunal of 26 May 1998, ref. no. K 17/98, OTK 1998, No. 4, item 48.

<sup>22</sup> See e.g. judgement of 12 April 2000, ref. no. K 8/98, OTK 2000, No. 3, item 87, and judgement of 15 April 2002, ref. no. K 23/01, OTK-A 2002, No. 2, item 19.

<sup>23</sup> See judgement of 4 May 1998, ref. no. K 38/97, OTK 1998, No. 3, item 31.

<sup>24</sup> Cf. judgement of Constitutional Tribunal of 4 March 2014, ref. no. K 13/11.

<sup>25</sup> *Ibid.*

<sup>26</sup> In 2021 it is estimated to be 1.738.735 zloty. See the budget bill substantiation for 2021.

of tax income for self-government voivodeships. To obtain basic amount, voivodeship's rate must be below the average rate calculated on the basis of the date collected from across the country (Article 24(2) and (6) u.d.j.s.t.) and the basic amount constitutes 72% of difference between voivodeship's rate and average rate. Construction of basic amount assumes therefore only partial completion of incomes of the voivodeships that do not gain average level of tax income. It is worth noting that the inflation of average rate is dictated by relatively high rate of Mazovian Voivodeship. Most of Polish voivodeship gains income that places them under the average level<sup>27</sup> and they use the completion from the state budget.

Basic amount is obtained by voivodeships of small number of inhabitants (Article 24(7) and (8) u.d.j.s.t.). Although basic amount can be obtained by voivodeships whose income rate does not exceed 125% of an average rate (Article 24(7) u.d.j.s.t.), it can be accepted that the amount is granted to units of low tax income as tax income rate *per capita*<sup>28</sup> is shaped in a specific way and the criterion of obtaining it is small number of inhabitants.<sup>29</sup>

Educational part of subsidy is of far less significance.<sup>30</sup> It is also financed by the state. Its amount is connected to many criteria described in the law of incomes of self-government units that determine the level of expenditures that self-government units bear in the educational sector. It is worth stressing that educational part of subsidy has general character which means that self-government unit can decide what tasks it will support. Neither the law of incomes of self-government units nor any other law oblige self-government unit to account for subsidy or return any portion of it. The name is therefore connected with the criteria of its calculation and not with its purpose. The principle of the division of this part of the subsidy as it is determined in budget law is claimed by the proper education minister with the regulation. He does it after consulting public finance minister and the representation of the units of self-government and he also has to take into account many other criteria (Article 28(6) u.d.j.s.t.). This regulation does not therefore satisfy requirement of fulfilling the rules of calculation of general subsidy by law that follows from the principle of self-government autonomy.

The part of subsidy that is of far less significance for self-government voivodeships<sup>31</sup> is regional part. However, it is the object of criticism because

<sup>27</sup> According to data from 2019 that was used to estimate rate for 2021 it was 12 voivodeships out of 16. See <https://www.gov.pl/web/finanse/wskazniki-dochodow-podatkowych-gmin-powiatow-i-wojewodztw-na-2021-r> [accessed: 19.01.2021].

<sup>28</sup> Only Mazovian Voivodeship exceeds indicated rate of tax revenues.

<sup>29</sup> Seen as an overall amount of tax income, as tax income rate *per capita*.

<sup>30</sup> Educational part of subsidy from state budget for 2020, for all local government units overall cost was 49.735.775 zloty, but only 628.488 zloty was given to self-government voivodeships, see <https://www.gov.pl/web/finanse/zestawienia-zbiorcze3> [accessed: 01.12.2021].

<sup>31</sup> In 2021 it amounts 638.824 zloty. See the budget bill substantiation for 2021.

of the source of its financing. It is financed by payments made by affluent self-government voivodeships. Making those payments is obligatory for the voivodeships whose tax income rate is at least 125% of the average rate. The amount of charge is calculated progressively. At the same time, the payment cannot exceed 35% of tax income of a given voivodeship. Moreover, payments become 10% lower in case tax income<sup>32</sup> falls 10%. Regional part of subsidy is therefore provided for voivodeships with high unemployment rate and low income (Article 70b u.d.j.s.t.).<sup>33</sup>

Considering criteria of calculating payments that contribute to regional part of subsidy and the principles of its division it can be recognized that the payments and the analyzed subsidy part together create financial mechanism allowing for shifting resources between self-government voivodeships, i.e. in a horizontal manner. Under present conditions constituted by the system of tax income in self-government voivodeships that is limited to participating in tax income, this mechanism seems to be well justified. One must take into account that inherent part of the system is diversification of the amount of voivodeship's income. Tax income rate for Mazovian Voivodeship with its capital city of Warsaw is significantly higher than other voivodeships' rates. It is twice as high as the average rate. Apart from Mazovian Voivodeship, only three other voivodeships reach the rate higher than average. Mazovian Voivodeship is however the only one that reaches 125% of the average rate.<sup>34</sup> This shows how significant is the dissection of tax income *per capita* at the level of voivodeship is.

In such situation, the only voivodeship that is obliged to make payments to finance regional part of subsidy is Mazovian Voivodeship. From that fact does not follow that making payments is a threat to welfare of this voivodeship. Even with financing regional part, Mazovian Voivodeship gains positive tax income.<sup>35</sup> Similarly, it does not follow that voivodeships that obtain regional part of the subsidy are supported excessively<sup>36</sup> by that. This financial correctional mechanism that includes all parts of subsidy, the ones financed

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<sup>32</sup> Compared to the period adopted as a point of reference. See Article 70a(2) and (4) u.d.j.s.t.

<sup>33</sup> This refers to these voivodeships, in which income from tax revenues plus compensatory subsidy are lower than 125% of average rate *per capita*.

<sup>34</sup> According to data published by Ministry of Finance for 2021, rate of the tax revenue income *per capita* in Mazovian voivodeship is 497,02 zloty; the average rate is 230,09 zloty, whereas the lowest rate 103,52 zloty. Respectively rate of income of tax revenues for 2019 was: in Mazovian voivodeship 390,79 zloty, the average rate – 178,32 zloty, and the lowest rate – 76,87 zloty; whereas in 2018 tax revenue income rate for Mazovian voivodeship was 324,90 zloty, the average rate was 159,41 and the lowest rate was 75,46 zloty.

<sup>35</sup> In 2018 according to the data published by Ministry of Finance, the surplus of income over the expenditure for Mazovian voivodeship was 326.069.738 zloty.

<sup>36</sup> Voivodeships that had the lowest tax income rates, despite obtaining regional part of the subsidy recorded in 2018 budget deficit.

with state budget as well as the ones financed by the contributions of self-government voivodeships, does not undermine significance of own revenues as the basic source of financing own tasks by self-government voivodeships.<sup>37</sup>

## CONCLUSIONS

Construction of financial correctional mechanism at the level of self-government of voivodeship following from the law of incomes of self-government units that includes general subsidy and payments made by self-government voivodeships is compatible with directives that follow from constitutional legislation that regulates the system of self-government income. Therefore, demands to liquidate payments as partial financing of subsidy seem to be unreasonable.

Firstly, it is worth noticing that own revenues remain the main source of financing own tasks of self-government voivodeships. General subsidy merely supplements own revenues in their function of financing own tasks and is mainly financed from state resources. The principles of calculating are objectivized and not random, and they are determined by law. What is more, self-government units are autonomous in their decision how to use resources obtained in the form of subsidy. Using subsidy does not limit their autonomy in realization of own tasks. This regulation does not stand in opposition to the principle of autonomy of self-government.

Secondly, compensational part of subsidy only partially neutralizes the results of limited access of self-government voivodeships to the sources of own revenues. On general basis, self-government unit itself is obliged to seek possibilities to finance own tasks with its resources. This regulation complies with the principle of subsidiarity principle.

Thirdly, general subsidy is financed by the state, i.e. it contains of resources collected centrally in the state budget. It is financed by more affluent voivodeships only in a limited way and only in those that belong to the regional part. And so it can be said that partial and limited support less affluent voivodeships by those that are economically stronger is in line with demands following from the principle of solidarity and it does not violate the principle of subsidiarity.

This general judgment can be enhanced by the analysis of the tax income rate of self-government voivodeships that shows significant and, by the principle of proportionality, unacceptable, stratification of the access to the resources of own revenues in specific voivodeships. At the same time, they are obliged to pay for their own tasks that implies increase of the outcome. Considering

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<sup>37</sup> According to Ministry of Finance's compilation of financial statement of local government units, own revenues made 52,7% of overall income in 2017, whereas in 2018 it raised to 53,2% of overall income.

regulations that limit amount of the payments which means that they cannot fully use their own tax income, present regulation of payments does not violate autonomy of self-government voivodeships in governing their own revenues. It applies to Mazovian Voivodeship as well. The necessity of sustaining correctional financial mechanism as an element of financing self-government does not follow from faulty regulation of income system, but rather from objective situation that is uneven income potential in specific self-government units. Until that happens, financial correctional mechanism may enable realization of constitutional principles and values mentioned above within the system of self-government voivodeships income.

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