COUNTY GOVERNMENT OF BOMET

THE COUNTY ASSEMBLY

SECOND ASSEMBLY: FIFTH SESSION

FINANCE, ICT & PLANNING COMMITTEE REPORT ON THE BOMET COUNTY FINANCE BILL, 2020

MARCH 2020

Tabled on 3rd March. 2021
at 9:00 a.m

3/3/2021

Table of Contents

Preface

Mr. Speaker Sir,

I wish to thank the Members of Finance, ICT and Economic Planning Committee for their effort in coming up with this comprehensive report on Bomet County Finance Bill, 2020. Gratitude is further extended to the honorable members and technical team who participated in the collection of views during public participation held at the County Assembly Grounds and the eventual production of this report.

Mandate of the Committee

Mr. Speaker sir,

The second schedule of the standing orders establishes the Finance, ICT and Economic Planning Committee to deal with subject area of all matters relating to the County Treasury, revenue policies, county economic planning and development including statistics and Information, Communication Technology.

Furthermore, standing order 193(5) states the functions of a Sectoral Committee as follows:

1.(a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
(b) Study the program and policy objectives of departments and the effectiveness of the implementation;
(c) Study and review all county legislation referred to it;

(d) Study, assess and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;

(e) Investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;

(g) Make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation

(h) Scrutinize the resolutions of the County Assembly (including adopted committee reports), petitions and the undertakings given by the County Executive Committee and examine –

(i) Whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and

(j)Whether or not legislation passed by the County Assembly has been operationalized and where operationalized, the extent to which such operationalization has taken place within the minimum time necessary.

(k)The Committees may propose to the County Assembly, sanctions against any member of the County Executive Committee who fails to report to the relevant select Committee on implementation status without justifiable reasons.

Membership and Ownership of the Report

The composition of the membership comprises of the following members whose signatures have been appended confirming that the committee undertook the agenda therein and came up with the recommendations based on the observation and comments collected from the citizens of Bomet County.

No.	Name	Position	Signature
1.	Hon. Barchok Kipngetich	Chairperson	
2.	Hon. Philip Korir	Vice Chair	
3.	Hon. Jane Langat	Member	
4.	Hon. David Maritim	Member	
5.	Hon. Wesley Bett	Member	
6.	Hon. Hellen Chepkorir	Member	
7.	Hon. Ambrose Koech	Member	

Signed……………………………………………………………………………………

THE HON.BARCHOK KIPNGETICH

CHAIRPERSON: FINANCE, ICT &ECONOMIC PLANNING COMMITTEE

DATE……2ND MARCH 2021……

1.0 Introduction

1.1 Background information

Mr. Speaker Sir,

Finance Bill 2020 is meant to give effect to the financial proposals to raise own-source revenues by the county Government during the financial year 2020/2021. **Mr. Speaker Sir,** during the budget making process that the Assembly approved in 2020 June we had a target to collect Ksh. 275 Million as own-source local revenues for the financial year 2020/2021.During the financial year 2019/2020 local revenue targets was Ksh. 200,922,277 with Ksh. 201,510,614 being raised locally.

The Finance Bill 2020, is summarized in its schedule, provides various categories of items classified into 5 main parts as follows;

Part I describes the short title of the Bill and its commencement. Part II outlines Fees, Taxes payable, charges and applicable rates. Part III provides charges, licences, Fees, Rent and Cess. Part iv highlights the offences and penalties applicable once the Bill takes effect. reviewing the Bomet County Finance Bill 2020, the Finance, ICT & Economic Planning committee.

1.2 Legal framework

Mr. Speaker Sir,

Article 209(3) of the Constitution of Kenya 2010 provides that a County may impose-

(a) Property rates;
(b) Entertainment rates; and
(c) any other tax that it is authorized to impose charges for the services they provide.

Article 209(5) of the Constitution further provides that the taxation and other revenue-raising powers of a county shall not be exercised in a way that prejudices national economic policies, economic activities across county boundaries or national mobility of goods, services, capital or labour.

Mr. Speaker Sir, Article 210(1) of the Constitution further provides that no tax or licensing fee may be imposed, waived or varied except as provided by legislation.

Section 132(1) of the Public Finance Management Act 2012 provides that each financial year, the County Executive member for finance shall, with the approval of the County Executive Committee, make a pronouncement of the revenue raising measures for the county government.

(2) The County Executive Committee member for finance shall, on the same date that the revenue raising measures are pronounced, submit to the county assembly the County Finance Bill, setting out the revenue raising measures for the county government, together with a policy statement expounding on those measures.

Section 132(3) of the PFM Act further provides that any recommendations made by the relevant committee or adopted by the county assembly on revenue matters shall-

(a) ensure that the total amount of revenue raised is consistent with the approved fiscal framework and the County Allocation of Revenue Act;
(b) take into account the principles of equity, certainty and ease of collection;
(c) consider the impact of the proposed changes on the composition of tax revenue with reference to direct and indirect taxes;
(d) consider domestic, regional and international tax trends;
(e) consider the impact on development, investment, emplo[illegible]d economic growth; and
(f) take into account the taxation and other tariff agreemen[illegible] obligations that Kenya has ratified, including taxation and tariff agreements under the East African Community Treaty.

2.1 Committee Observations and Concerns

Finance Section

As a Committee we noted that the current Land rates for residential and commercial plots were both 1.1% but the proposed rates were not provided. The Committee saw it prudent to determine from CEC for Finance whether the current rates should be retained.

Disaster management section

i. Fire Vehicles & services

Under the following items;

i. Turn out fee
ii. Use of foam compound per one imp. Gallon
iii. For each proceeding hour

the term *nil* was used to express the status of rates. This created unnecessary ambiguity which could be interpreted to either mean its free or it is new item.

Transport Department

i. The proposed charges for Hire of banners (30 ft) was not provided. It was not possible to determine whether the charges were retained, reduced or increased.

Building Works Section

(i) The proposed charges for items ***'101–200 columns'*** and ***'Site inspection'*** were not provided. This required Justification

(ii) There was a huge reduction on the proposed charges for highway and building works sections for a number of items. As a committee the CEC in charge of Finance should provide an explanation on what informed such reductions.

Other Concerns

1. The Committee were also concerned on the progress and status on the automation of revenues and valuation Roll
2. Measures taken to increase the revenue targets

2.1 Response and clarifications from the CEC for Finance

1. When asked on the status of automation of revenue the CEC for finance stated that they have come a long way in revenue allocation and it requires resources and that they implemented all the modules and the system is integrated. The CEC further stated that the automation of revenue should be domiciled in the department of

finance. The CEC requested the CO finance to respond on the payments of the system. The CO finance stated that they have paid KES. 45Million and with the remaining amount being the annual subscription. The CO ICT was requested to respond on the implementation of automation of revenue infrastructure and he responded that they have gone through all the specific package and they have completed all the terms of reference as per the tender document. He further stated that there was a problem with the supplier but they have resolved the issues and the system is fully working and given time and equipment he can fully demonstrate its usability to the committee. The CO in charge of ICT requested the director in charge of ICT to further clarify on automation of revenue who stated that the revenue automation was divided into four modules namely, Refined requirements, Non-structured revenue streams, structured revenue streams and the fourth module revenue is yet to be implemented. The director ICT further stated that they have implemented the modules to cumulative percentage of 75% and its integration and implementation is through USD and push services and the system implementation will last for 3 years beginning June 2019.

2. When asked on the impact of revenue automation the CEC for Finance stated that COVID-19 pandemic has affected revenue automation but stated that there is impact on revenue collected.
3. When asked if it possible to achieve KES 500M revenue target, the CEC mention that they are on the verge of completion and updating of valuation roll which will lead to increase in revenue collected. He further stated that the acreage of land in tea multinational companies like James Finlay, Kipsigis Highlands and others is approximately 1800 acres and currently they pay KES 108 per acre and with updated valuation roll, they will raise more revenue of over KES 200M. The CEC further informed the committee that to also achieve the KES 500M revenue, they will also target industry players like *bodaboda* riders who are currently the only stream not contributing any revenue to the county government. The CEC however, was doubtful on whether the timing to charge *bodaboda* riders is appropriate. The CEC further clarified that they ought to improve the enforcement of revenue collection and he further acknowledge that the revenue enforcement is so weak and wanting.

The CEC pointed that revenue collection should be implemented in all departments and that they are in the process of coming up with the Revenue Administration Bill to assist in implementation of revenue measures. The CEC also informed the committee that he has recently written to CS to domicile the county tractors to finance department from cooperatives department so as to generate revenue because as currently witnessed the tractors are not raising any revenue to the county government. The director in charge of revenue also mentioned that to increase revenue, they have included in the proposed Finance Bill the quarry cess and they have consulted the contractors and also they are proposing new charges in the proposed Finance Bill in the safety and fire document and housing. Lastly the CEC informed the committee that Embomos Tea farm like any other entity it is not doing very well but they are working on timely provision of fertilizer and staff motivation through improvement of toilets.

4. When asked on implementation of the revenue collection through USSD and PayBill options, the CEC informed the committee that they are planning to launch the services and this will publicize the systems.
5. On how to prevent revenue leakages the CEC responded that with the integrated system and implementation of the stated modules, the revenue leakages will be a thing of the past.
6. On revenue collection from the contractors, the director in charge of revenue stated that they are working with the procurement department to establish the BQs for county contractors and they have established the material quantities and payment of quarry cess from the points of payments.
7. When asked on the implementation of issuance of *matatu* and *bodaboda* stickers, the CEC stated that they had started its implementation but the outbreak of COVID-19 pandemic disrupted all the strategies laid but he promised that they are in the process of implementing the stated strategies. The CEC further stated in past he has engaged the *bodaboda* riders but their demands kept on shifting from time to time.
8. When asked on coming up with a revenue board to assists in revenue collection and strategies, the CEC stated that indeed coming up with a board can be a good idea

but, in his opinion, he stated that they need to widen up the revenue collection base even before coming up with a board or any other measure.

9. The CO ICT submitted to the committee that Bomet County being an agricultural county needs to enhance revenue collection from agricultural produce by leveraging the use of ICT.
10. On the process of transfer of tractors from cooperatives societies to the department of finance, the CEC stated that the cooperative societies acquired the tractors through a loan from AFC which was guaranteed by the County Government. He further stated that the cooperative societies did not fulfill the loan repayments and the county government paid in more than KES 40M as a guarantor. The CEC further informed the committee that the tractors essentially belong to the county government and fresh management ought to be brought to manage the tractors and the process of transferring the tractors to the county government should be initiated either at the cabinet level or at the county assembly.
11. On why the proposed land rates for residential and commercial plans were omitted in the proposed Finance Bill, the director in charge of revenue indicated that the charges were maintained at 1.1%.
12. On why they allow probox cars to pay charges yet they are not licensed PSV, the CEC informed the committee that probox is revenue target when they operate as a PSV. The CEC further informed the committee that it is even not possible to discern a private and a PSV probox.
13. On the drastic increase of charges for Removal of fallen trees from KES 2,600 to KES 39,000 the CEC pointed out that this was typing error and the correct proposed charge in KES 3,900
14. On whether fire vehicles and services is a new item, the director revenue acknowledged that indeed it is a new item.
15. On why the proposed charges for hire of banners (30ft) was not provided, the CEC stated that the item is a typing error.
16. On the omissions of current charges and the drastic reduction on the proposed charges in Building Work Section, the director of revenue promised to supply the committee with the correct adjustments.

17. The CEC informed that the committee that the approval of the proposed finance Bill is delaying which will affect the revenue collection. The CEC finance further informed the committee that as at the time of this sitting, they had collected KES 200M and they project that before the close of the current finance year, they will achieve its revenue target of KES 245M. However, the director in charge of revenue informed the committee that they might not meet the speculated revenue target because of decline of tea bonus from Embomos tea farm by KES 18M and reduction of NHIF refunds at Longisa Referral Hospital by KES 25M due to doctor's strike and outbreak of COVID-19.
18. The director of revenue acknowledged that in the subsequent finance bills, he will address the specific changes in the bill.
19. On the inconsistent reporting of revenue collected and expenditure to the COB, the CEC for Finance stated that the changes in reporting always occur when the county developed the supplementary budget. That the error in reporting witnessed in the FY 2017/2018 was as result of ad-voleram levy of around KES 60M and a court case in Kericho County which stopped Cess collection.
20. On whether they have identified the revenue leakages, the director in charge of revenue stated, quarry charges, cash collection and drunk revenue collectors as major sources of revenue leakages and that they have lined up a raft of solutions as stated before to curb the said leakages.
21. On the untimely submission of the Finance Bill, the director of revenue stated that in the proposed finance bill of 2021 they delayed in submission due COVID-19 pandemic but promised that in the subsequent finance bills, they will adhere to the set timelines.
22. The CO in charge of ICT informed the committee that automation of revenue at Longisa Hospital is complete and awaiting launch in the month of March 2021.

3.0 Public Participation and Stakeholder engagement

Public views

In accordance with Article 196 (1) (b) of the constitution and standing order 125 (3), public participation on The Bomet County Finance Bill, 2020 was held on 15th February 2020 at the County Assembly grounds. The event gave the public participants to ventilate their views on the bill and more so the charges specified in the first schedule.

The following are the views from Stakeholders and members of the public;

1. **THAT** there should be uniform implementation of charges especially for *bodaboda* riders. Further, packing slots and designation should be constructed in Bomet Town for *bodaboda* riders.
2. **THAT** the subsequent Finance Bills should be printed in brail for the visually impaired and sign language should interpreter should be available during public participation *fora.*
3. The *matatu* owner's association and Bomet Travelers Sacco proposed that Bus Park Entry charges for Nissan matatus should be reduced to KES 60 per entry from the proposed charges of KES 100. They also proposed that the monthly bus park entry charges should be reduced to KES 1,800 from the proposed charges of KES 2,600. They further proposed that the county government should enforce rules that bring to an end the use of *probox* as PSV and picking of passengers outside the designated bus parks like Oil Libya Petrol Station.
4. **THAT** the current charges listed in page 49 of the Bill marked as **"HIGHWAY SECTION", "ROADS SECTION-Road Opening Permits"** and **"Building Works Section"** should be retained.
5. **THAT** the current charges listed in page 47 of the Bill marked as **"DISASTER MANAGEMENT SECTION"** and **"Standby against fire risk"** should be retained.
6. The members of the public raised concerns on the proper utilization of locally raised revenue. They recommended that locally raised revenue should not be spent at source and properly utilized to provided services to specific revenue streams.
7. **THAT** the County Government should endeavor to automate the revenue collection for all the revenue streams.

8. The representative for persons with disabilities requested that persons with disabilities should be exempted from paying fees and charges and provided designated parking spots and spaces.

9. The members of the public recommended that the enforcement officers should not directly collect revenue but enforce revenue collection rules and measures.

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1. **THAT** the Bill be amended in the item reading 1815 by inserting the following new item **"SALE OF SEEDLINGS"**

ACTIVITY/ITEM	**Current charges**	**Propose Charges (New charges)**
Avocado per seedling		60
Banana per seedling		50
Mango per seedling		20
Certified beans per Kg		50

2. **THAT** the Bill be amended in item 1815 maize/potatoes/beans/tea leaves/cabbages/Sukuma wiki (Per Bag) by inserting **"30"** as a proposed charge.
3. **THAT** the Bill be amended in the item reading "**DISASTER MANAGEMENT SECTION**" by deleting the proposed new charges and substitute thereof with the current charges.
4. **THAT** the Bill be amended in the **"DISASTER MANAGEMENT SECTION"** Item by inserting the following sub item **"Fire Safety Clearance Certificate"**

	ITEM	PROPOSED NEW CHARGE
1.	Filled gas cylinder dealer	4,500
2.	Petrol Station Single pump	5,000
3.	Petrol Station more than 1 pump	7,500
4.	Empty Cylinders Dealer	2,500
5.	Large business selling Gas	5,000
6.	Banks	5,000
7.	Tankers/Gas distributors	2,500
8.	Schools and Learning Institutions	2,000
9.	Inspection fee	5,00
10	Request for own inspection	1,500

5. **THAT** the Bill be amended in the Highway Section by deleting the proposed charges and substitute thereof with the current charges.
6. **THAT** the Bill be amended in the items under the category Housing and substitute thereof with the following "

PHASE II HOUSES

		Proposed
1 Bedroom	2,000	3,000
2 Bedrooms	8,000	4000

PHASE III HOUSES

Single rooms (SP)	2,000	2,000
2 Bedrooms (SP)		5,000
Self – Contained 1 room (P)		2,000
2 Bedrooms (P)		7,000
2 Bedrooms with external room (P)		9,000
3Bedrooms with SQ		10,000