



FINANCIAL AND LEGAL MECHANISM FOR ENSURING CERTAIN STATE POWERS DELEGATED TO LOCAL GOVERNMENTS

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Article info

Received –
2024 October 14
Accepted –
2025 March 20
Available online –
2025 June 20

Keywords

Local government, financial support, budget, individual state powers, inter-budget transfers, minimum state social standards, subventions

The subject. The issues of applying the financial and legal mechanism for financing certain state powers transferred to local governments are considered.
The purpose of the article is to identify the problems of legal regulation and practical implementation of financial support for state powers transferred to local governments for implementation.
The authors used method of formal legal interpretation of Russian legislation as well as dialectical analysis of budgetary statistics
Main results. The article analyzes the features of the financial and legal mechanism for ensuring certain state powers transferred to local governments, the practice of providing inter-budget transfers in the form of subventions. The problem of determining the forms, calculation, and procedure for transferring appropriate financial resources to local governments has been identified. The development and approval of regional standards should be based not only on the general requirements for federal and regional standards, but also on the fact that the latter should either exceed the norms and standards of quality and standard of living of the population provided for by federal standards, or supplement their list.
Conclusions. The actual costs of the municipalities must be financially ensured In order to achieve high results in public financial activities, increase the efficiency of using budgetary funds, and ensure the interest of local governments in exercising their delegated powers.

1. Introduction

Any activity involves certain costs. This fully applies to the implementation of public functions and the provision of public services provided by both public authorities and local governments [1, p. 13; 2, p. 152; 3].

The transfer of public power and authority to the municipal level has become an almost universal practice. As of January 1, 2024, 85 out of 89 subjects of the Russian Federation have a delegation of public authorities. At the same time, the main volume of subventions (97.9% of the total) goes to municipal districts and urban districts, including urban districts with inner-urban divisions [4, p. 100].

The approach to the transfer of public authorities to the municipal level may vary from region to region. The number of delegated regional powers and authorities varies from 1 to 27. Most regions delegated up to 10 powers and authorities, but 5 regions delegated more than 18 [5, p. 31].

The legal basis for lodging individual state powers to local governments is Chapter 4 of Federal Law No. 131-FZ of October 06, 2003 "On the General Principles of Organizing Local Self-Government in the Russian Federation" (hereinafter referred to as Law No. 131-FZ). According to part 1 of Article 19 of this law, state powers and authorities delegated to local government are powers and authorities established by federal laws and laws of constituent entities of the Russian Federation that do not relate to local issues.

Financial support for state powers and authorities delegated to local governments is an important component of the effective functioning of the public administration system in Russia. Local government bodies play a key role in the implementation of social and economic programs, ensuring the livelihoods of the population and the development of its territories. However, the successful fulfillment of the aforementioned tasks is impossible without adequate financial support. V.V. Kazakov says that the ultimate goal of any delegation of state powers and authorities to the municipal level is related to the increase in welfare of the population of a single municipal entity [6, p. 120]. This is achieved by increasing the efficiency of

the execution of delegated powers and authorities and the material and financial resources "linked" to them.

All these circumstances created the necessity of a scientific analysis of the problems of legal regulation and the practical implementation of financial support for government powers and authorities delegated to local governments.

2. Legal regulation of the financing of separate state powers and authorities delegated to local governments

The lodgment of separate state powers and authorities to local government bodies of the Russian Federation and constituent entities of the Russian Federation should be accompanied by the transfer to them of the material and financial resources necessary for the exercise of such powers.

Financial support for the transferred powers and authorities is provided through subventions from the relevant budget provided to local budgets (hereinafter referred to as subventions). So, in 2021, in the structure of local budget revenues, the share of subventions for the execution of state powers and authorities is 48.7% (531.6 billion rubles), in 2022 – 44.6% (561.6 billion rubles), in 2023 – 43.8% (437.4 billion rubles) [7, pp. 30-31]. The share of subventions in the revenues of separate municipal districts is 50-60% of the revenues of their local budgets, with an average of 23% for municipal entities.

Subventions are a targeted inter-budgetary transfer provided for financial support of expenditure obligations of municipal entities arising from the exercise of state powers and authorities of the Russian Federation and constituent entities of the Russian Federation transferred for implementation to local governments in accordance with the established procedure [8, p. 105; 9, p. 91].

The procedure for determining the total volume of such subventions and the indicators (criteria) for the distribution of the total volume of these subventions are established by the law of constituent entities of the Russian Federation, which provides for the lodgment of separate state powers and authorities to local governments (hereinafter referred to as the law on the lodgment of powers and authorities), taking into account the requirements of the legislation.

This law, in accordance with Clause 3, Part 7, Article 52 of Federal Law No. 414-FZ of December 21, 2021 "On General Principles of the Organization of Public Authority in the Subjects of the Russian Federation" (hereinafter referred to as Law No. 414-FZ), should contain a method (methodology) for calculating standards for determining the total amount of subsidies, including federal or regional one's minimum state social standards. A similar rule is provided for in paragraph 3, Part 6, Article 19 of Law No. 131-FZ.

The use of federal or regional state minimum social standards in determining the above-mentioned method (methodology) for calculating standards, according to some authors [10, p. 55], is not mandatory. They are provided only if they are available. The legal mechanics of the norm do not allow any exceptions. However, in our opinion, federal or regional state minimum social standards should be included in the law on empowerment.

The practical implementation of this rule raises a number of questions. For example, what are the federal and regional state minimum social standards (hereinafter referred to as federal standards and regional standards)? What is inside these standards? State guarantees and obligations, standards for the implementation of social rights, gratuitous public services, public needs or other aspects [11, p. 20]? How do these standards relate to each other?

The first attempt to develop these federal standards and regional standards was made within the framework of the Decree of the President of the Russian Federation dated May 23, 1996, No. 769 "On the organization of the preparation of State minimum social standards for determining financial standards for the formation of budgets of subjects of the Russian Federation and local budgets." It was supposed to develop a scientifically based concept for the formation of a system of state minimum social standards and a draft before September 1, 1996. However, although the draft law passed the first reading in the State Duma of the Federal Assembly of the Russian Federation, it was not supported by the Government of the Russian Federation, which received a negative opinion from the Committee on Labor, Social Policy and Veterans Affairs and was

withdrawn from consideration in February 2017.

Despite the fact that the fundamental law on federal standards and regional standards was not adopted, and the norms revealing the content of this concept and defining the competence of state authorities in their establishment were excluded from the Budget Code of the Russian Federation, Federal Law No. 184-FZ of October 6, 1999 "On General principles of the organization of legislative (representative) and executive bodies of state power of the subjects of the Russian Federation" for more than 15 years has given the constituent entities of the Russian Federation the authority to establish regional standards. This provision was also included in Laws No. 414-FZ and No. 131-FZ in an amended form.

However, it seems that the development and approval of regional standards should be based not only on the general requirements for federal and regional standards, but also on the fact that the latter should either exceed the norms and standards of quality and standard of living provided for by federal standards, or supplement their list based on the financial capabilities of the relevant constituent entity of the Russian Federation [12, pp. 14-15]. Currently, there are no federal standards, no regulatory legal framework that defines the content and meaning of regional standards, no requirements, and no procedure for monitoring their compliance. This makes it difficult and virtually impossible to take all of them into account while determining the methodology for calculating standards for determining the total number of subventions.

The legislative practice of the constituent entities of the Russian Federation confirms this. They are limited to criteria for the distribution of subventions, which are not related to federal and regional standards, and the latter are not defined at all, between municipal entities.

This approach is due to the fact that the provisions of federal laws No. 414-FZ and No. 131-FZ do not comply with the provisions of the Budget Code of the Russian Federation governing inter-budgetary relations. According to paragraph 2.1 of Article 140 of the Criminal Code of the Russian Federation, the law on lodgment powers should contain not a method of calculating standards for determining the total number of subventions, but a

method for calculating them and criteria of distribution between municipal entities. And the distribution of subventions between municipal entities should be based on uniform methods for each type of subvention. This takes into account such criteria as the size of the population, the number of consumers of relevant state or municipal services, and others. According to paragraph 3 of Article 140 of the Budget Code of the Russian Federation, standards for the formation of budget allocations for the fulfillment of obligations and objective conditions affecting the cost of state or municipal services in municipal entities are also taken into account.

In turn, the need to take into account federal and regional standards while determining the total amount of a subvention or the methodology for its distribution is not established by budget legislation. According to paragraph 4 of Part 2 of Article 45 of Law No. 414-FZ, this requirement is also not contained. This provision regulates rules for transferring certain powers and authorities of the Russian Federation in matters under the jurisdiction of the Russian Federation or in matters under the joint jurisdiction of the Russian Federation and the constituent entities of the Russian Federation for implementation by state authorities of the constituent entities of the Russian Federation.

In conclusion, it should be noted that the above-mentioned norms of federal legislation should be consistent with each other and contain uniform rules based on the provisions of Article 140 of the Criminal Code of the Russian Federation.

It is necessary to amend the legislation to ensure the integrity of the legal regulations in this area. In particular, paragraph 3 of Part 7 of Article 52 of Federal Law No. 414-FZ and paragraph 2.1 of Article 140 of the Budget Code of the Russian Federation should be supplemented with a rule similar to that contained in paragraph 3 of Part 6 of Article 19 of Federal Law No. 131-FZ.

This rule was introduced by Federal Law No. 181-FZ dated July 13, 2024 "On Amendments to Certain Legislative Acts of the Russian Federation" and entered into force on January 1, 2025. In its scope, it resembles a similar rule governing the determination of the total amount of subventions

from the federal budget to the budgets of the constituent entities of the Russian Federation (paragraph 4 of part 2 of Article 45 of Law No. 414-FZ). However, this requirement is absent in Articles 132 and 140 of the Criminal Code of the Russian Federation. And it creates legal uncertainty in the application of general and special norms [13, pp. 227-229].

We believe that these issues in federal legislation, caused by the lack of an integrated approach to regulating homogeneous relations in the provision of subsidies, are rather technical in nature and should be eliminated. In particular, it is necessary to fix in the relevant articles of the Budgetary Code of the Russian Federation according to which the total amount of subventions provided to public legal entities should be determined, taking into account the costs of organizing the exercise of the powers and authorities delegated to them. This would avoid a discretionary approach in which the number of subventions is determined depending on the content, nature and specifics of the state powers transferred to local governments, as well as on the availability of objective conditions and factors that can increase local budget expenditures on the maintenance of local governments, including salaries for municipal employees.

3. Conclusion

The analysis of the provisions of federal legislation allows us to conclude that "the guarantee of the competence and financial independence of local self-government bodies" [14, p. 17] is the full budgetary provision of state powers and authorities delegated to these bodies. It includes all the necessary costs for their implementation.

In order to increase the efficiency of using the funds of the regional budget and the interest of local governments in the performance of transferred individual state powers and authorities, it is necessary to ensure their actual costs through subventions, even if there is no need to increase staff or incur other material costs [15, pp. 136-137].

In order to ensure the unity of legal regulation in this area, we propose to introduce the following amendments to federal legislation.

1) Paragraph 3 of Part 7 of Article 52 of Law No. 414-FZ, paragraph 3 of Part 6 of Article 19 of Law No. 131-FZ should be worded as follows:

"3) the procedure for determining the total amount of subventions from the federal budget and the budget of a constituent entity of the Russian Federation to local budgets for the exercise of delegated powers and criteria for the distribution of the total amount of such subventions. The total number of such subventions should be determined by taking into account the costs of organizing the exercise of delegated powers and authorities.";

2) Paragraphs 1 of Article 140, paragraph 2.1 of Article 140 of the Criminal Code of the Russian Federation should be added with the next sentence: "The total number of such subventions should be determined by taking into account the costs of organizing the exercise of delegated powers."

The implementation of these proposals would lead to the formation of legislation and law enforcement practices that would be aimed at achieving the main goal of all transformations, defined by the President of the Russian Federation V.V. Putin: "creating such conditions for each municipal entity so that it can work efficiently, with maximum benefit for people and actively participate in achieving national development goals as a reliable, not weak or inert link in the entire system of government."

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BIBLIOGRAPHIC DESCRIPTION

Glazunova I.V., Bashurov V.B. Financial and legal
mechanism for ensuring certain state powers
delegated to local governments. *Pravoprimerenie =*
Law Enforcement Review, 2025, vol. 9, no. 2, pp. 40–
47. DOI: 10.52468/2542-1514.2025.9(2).40-47. (In
Russ.).

