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LOCAL BUDGET REVENUES AS A FINANCIAL BASIS OF LOCAL SELF-GOVERNMENT DEVELOPMENT

ABSTRACT

The development of local government is one of the most important areas of public policy. Autonomy and powers fulfillment of the local government depends on there revenue base characteristics. However, existing local financial resources are insufficient and inefficiently used.

Budget revenues reflect the totality of economic relations on the distribution and redistribution of GDP (or gross regional product when it is only the local level) to form the main central fund. Revenues, according the national tax system, and in the context of intergovernmental relations, can be grouped into the following groups: own income and transferred; in turn transferred divided into fixed income and regulators. Depending on the source of income, they can be divided into tax and non-tax, income from capital transactions, property and business, official transfers. Depending on the purpose and future use – general and special revenue funds.

The role of local budgets in the allocation of resources is decreasing. So, for the past 15 years, the share of local budgets in the consolidated revenues Ukraine decreased almost by half (from 47.6% to 24.6%), while the GDP – from 16% in 1996 to 6.9% in 2008. Over the last 10 years have seen declining share of the tax revenues of local budgets (from 85.7% to 56.7% of total revenues) and the role of transfers (from 14.3% to 43.3%). This phenomenon is quite clearly reflects the reduction of autonomy of regions and local authorities, and the rapid growth of their dependence on the distribution of transfers at the state level.

The volume and share of transfers in the local budget in Ukraine and regional budgets of Mykolayiv region is growing in recent years. So, the regional budget Mykolayiv region is subsidized. At the same time, the share of intergovernmental transfers in total revenues of the regional budget has been ranging from 75% to almost 79% in the last 5 years. It indicates almost complete lack of financial autonomy and very high dependency of the central government in the field of financial decisions. At the same time, a large part of the regional budget is a "point of redistribution" because of redistribution and direction the transfers to regional budgets and local budgets, or to finance social protection and social security of the population.

Thus, it can be argued to reduce the financial autonomy of local governments and limit its capacity to fulfill their responsibilities, which violates the principles of these bodies and negates their very existence.

Therefore, only increasing revenues, expanding and optimizing sources of their formation is the main prerequisite for quality performance of local government functions conferred by the Constitution and current legislation of Ukraine.