

**Determining Plans and Process of Decentralization to Local Government Organization Act, B.E. 2542  
(1999)**

BHUMIBOL ADULYADEJ, REX.

Given on the 11<sup>th</sup> of November B.E. 2542

Being the 54<sup>th</sup> year of the Present Reign

His Majesty King Bhumibol Adulyadej is graciously pleased to proclaim that: Whereas it is expedient to have the law on Determining Plans and Process of Decentralization to Local Government Organization.

Be it, therefore, enacted by the King, by and with the advice and consent of the National Legislative Assembly, as follows:

**Section 1** This Act is called “Determining Plans and Process of Decentralization to Local Government Organization Act, B.E. 2542 (1999)”

**Section 2** This Act shall come into force as and from the day following the date of its publication in the Government Gazette.

**Section 3** All other laws, rules, and regulations in so far that are inconsistent with provisions of this Act shall be repealed.

**Section 4** In this Act,

“ Local Government Organization” means Provincial Administrative Organization, Municipality, Subdistrict Administrative Organization, Bangkok Metropolis, Pattaya city and other local government organizations prescribed by law.

“Commission” means Determining Plans and Process of Decentralization to Local Government Organization Commission.

“Commissioner” means a member of Determining Plans and Process of Decentralization to Local Government Organization Commission.

“Minister” means the Minister who has charge and control of the execution of this Act.

**Section 5** Prime Minister, Minister of Finance and Minister of Interior shall have charge and control of the execution of this Act concerning his authority and functions and shall have authority to issue Ministerial Regulations and Rules for the execution of this Act.

Such Ministerial Regulations and Rules shall come into force upon the publication in the Government Gazette.

## **Chapter 1**

### **Determining Plans and Process of Decentralization to Local Government Organization Commission**

**Section 6** There shall be a Commission called “ Determining Plans and Process of Decentralization to Local Government Organization Commission” consisting of: (1) Prime Minister or Deputy Prime Minister delegated by the Prime Minister as Chairperson; ( 2) Minister of Interior, Minister of Finance, Permanent Secretary of Interior, Permanent Secretary of Finance, Permanent Secretary of Education, Permanent Secretary of Public Health, Secretary General of Office of the Council of State, Secretary General of Office of the Civil Service Commission, Secretary General of Office of the National Economic and Social Development Council, Director of Budget Bureau and Director General of Department of Local Administration; (3) Twelve representatives from local government organizations consisting of two provincial administrators from Provincial Administrative Organization, three municipal administrators, five subdistrict administrators from Subdistrict Administrative Organization, Bangkok Metropolis administrator and Pattaya city administrator or other two administrators from local government organizations prescribed by law. The administrators from each type of local government organization shall be elected following to the regulations and procedures determined by the Prime Minister; ( 4) Twelve qualified experts comprising experts in the field of state administration, local development, economics, political science in local governance, and law. The selection of qualified experts shall be in accordance with the regulations and procedures determined by the Prime Minister; Director of the Office of Decentralization to Local Government Organization Commission shall be the secretary of the Commission.

**Section 7** The qualified experts shall have qualifications and shall not be under the prohibitions as follows:

- (1) Being of Thai nationality;
- (2) Being of not less than thirty five years of age;
- (3) Not being a government official holding a permanent position or receiving salary, officer or employee of State agency, State enterprise or local government organization, except for being a lecturer in a government university
- (4) Not being a person holding of any political positions;
- (5) Not being a member of a local assembly or a local administrator;
- (6) Not being an officer or a holder of any positions in a political party;

**Section 8** Commissioner under Section 6 (3) vacates office upon resignation by submitting a letter of resignation to the Chairperson or vacates the office from being a local administrator.

**Section 9** Commissioner under Section 6 (4) shall hold office for a term of four years and may be re-selected to be a Commissioner with not more than two consecutive terms. In case where a Commissioner position under paragraph one is vacant, the vacant post shall be filled in. The person appointed to assume the vacant post shall be in office for the remainder period of the term of former Commissioner.

During the period of no replacement of the vacant post under paragraph two and the remaining Commissioners are not less than one-half of the total Commissioners, the remainder may continue to perform their functions.

**Section 10** In addition to vacating office on the expiration term, the qualified experts shall vacate office upon:

- (1) Death;
- (2) Resignation by submitting a letter of resignation to the Chairperson;
- (3) Being bankrupt;
- (4) Being an incompetent or quasi-incompetent person;
- (5) Being disqualified or being under any of the prohibitions under Section 7;
- (6) Being imprisoned by a final judgement to imprisonment

**Section 11** At a meeting of the Commission, the presence of not less than one- half of Commissioners is required to constitute a quorum.

At the meeting, if the Chairperson is not present or is unable to perform the duties, the present Commissioners shall elect one among themselves as a Chairperson to preside over the meeting. A decision of the meeting shall be made by a majority of votes. In casting a vote, each Commissioner shall have one vote. In case of an equality of votes, the Chairperson shall cast an additional vote as the deciding vote.

**Section 12** The Commission shall have authority and function as follows:

( 1) To develop Plan of Decentralization to Local Government Organization and the implementation plan to be approved by the Cabinet and to report to the Parliament;

(2) To systematize public services following to authority and function between the State and local government organization and among local government organizations themselves; ( 3) To improve the proportion of taxes and duties, revenue between the State and local government organizations and revenue among local government organizations themselves taking into account function and responsibility of the State and local government organizations and those among local government organizations themselves;

( 4) To determine regulations and procedures on the mission transferred from central and provincial administrations to local government organization;

( 5) To coordinate the transfer of Government Officials, local Government Officials, State enterprise officers among State agency, State enterprise, local government organization, the Commission, local government employees or employees of related agencies to be in correspondence with the authority and function determination on the allocation of taxes, duties, subsidized fund, budget transferred from central administrations to the local government organization as well as mission transfer according (2), (3) and (4);

(6) To provide recommendation to the Cabinet regarding the decentralization on the approval and authorization, prescribed by law, to local government organization taking into account the convenience to quickly deliver public services and the execution implementing the law;

(7) To suggest measures relating to finance, treasury, taxes and duties, budget, maintenance of discipline of finance as well as treasury of local government organization;

( 8) To advise the Cabinet on the issuance of necessary Act, Royal Decree, Ministerial Regulation, Notification, Rule, Regulation and Order to be in compliance with Plan of Decentralization to Local Government Organization;

( 9) To expedite the issuance of necessary Act, Royal Decree, Ministerial Regulation, Notification,

Rule, Regulation and Order to be in compliance with Plan of Decentralization to Local Government Organization;

(10) To provide recommendations to the Cabinet regarding the increased budget allocation to local government organization due to the mission transferred from central administration; (11) To contemplate the regulations of subsidized fund allocated to local government organization as necessary;

(12) To suggest and establish the audit system and encourage the participation of the public; (13) To provide suggestion to the Prime Minister to take action in case the State agency or State enterprise do not follow Plan of Decentralization to Local Government Organization; (14) To propose the report on decentralization to local government organization to the Cabinet at least once a year;

(15) To issue Notifications prescribed by this Act;

(16) To perform other functions as prescribed by this Act and by other laws

Notifications under (15) is entry into force when published in the Government Gazette.

**Section 13** The Commission may appoint a Sub-commission to perform duties entrusted by the Commission.

At a meeting of the Sub-commission, Section 11 shall be applied, *mutatis mutandis*.

**Section 14** In the performance of duties under this Act, the Commission shall have authority to summon a State agency, a State enterprise, and a government official to submit any relevant information or document for use during deliberation. In this regard, the Commission may also summon any person to give a statement.

**Section 15** The Office of Decentralization to Local Government Organization Commission established under the Office of the Permanent Secretary shall execute the functions as follows: (1) To take charge of administrative work of the Commission;

(2) To collect, study and analyze information regarding the decentralization to local government organization and information relating to work of the Commission;

(3) To collaborate and coordinate with central administration, provincial administration and State enterprise to execute as prescribed in this Act;

(4) To follow-up and evaluate the performance according to the plan as entrusted by the Commission;

(5) To perform other functions prescribed by law as functions of the Office of Decentralization to Local Government Organization Commission or as entrusted by the Commission.

## Chapter 2

**Determination of Authority and Function in Public Services System Section 16** The Municipality, Pattaya city and Subdistrict Administrative Organization shall have authority to systematize public services for the benefit of local communities as follows: (1) To develop local self-development plan;

(2) To provide the maintenance of land route, water route, and water drainage; (3) To manage and control the market, wharf, pier, and parking lot;

(4) To provide public utility and other constructions;

(5) To provide public assistance;

(6) To promote and do training for occupation;

(7) To conduct commerce and investment promotion;

- (8) To promote tourism;
- (9) To provide and manage education;
- (10) To arrange social welfare and develop quality of lives of children, women, the old and disadvantaged people;
- (11) To conserve local arts, tradition, local wisdom and cultures;
- (12) To improve slum area and arrange for housing;
- (13) To provide and maintain recreational area;
- (14) To promote sports;
- (15) To promote democracy, equality, right and freedom of people;
- (16) To enhance public participation in developing local community;
- (17) To keep the community clean and in perfect order;
- (18) To manage waste, sewage and wastewater;
- (19) To provide public health services including family health and medical treatment; (20) To provide and manage cemetery and cremation;
- (21) To control the domestication;
- (22) To provide and control animal slaughter;
- (23) To provide security and orderliness measure, sanitation, theatre and other public venues; (24) To manage, maintain and utilize forestry, national resource land and environment; (25) To conduct city plan;
- (26) To provide public transportation and do traffic engineering;
- (27) To preserve public properties and places;
- (28) To control the construction of building;
- (29) To prevent and mitigate disaster;
- (30) To provide security measure and promote safety and security of lives and properties; (31) Any other activities that are beneficial to the local community announced by the Commission.

**Section 17** Under Section 16, Provincial Administrative Organization shall have authority and function to systematize public services for the benefit of local community as follows: (1) To propose local self-development plan and coordinate to develop provincial development plan following to the rules determined by the Cabinet;

- (2) To promote local government organization in developing local community;
- (3) To coordinate and cooperate with other local government organizations in performing duties; (4) To allocate fund, which is prescribed by law, that must be allotted to other local government organizations;
- (5) To protect and preserve forestry, land and national resource and environment; (6) To provide education;
- (7) To promote democracy, equality, right and freedom of people;

- (8) To enhance public participation in developing local community;
- (9) To promote proper development of technology;
- (10) To establish and maintain common wastewater treatment system;
- (11) To manage common waste and sewage;
- (12) To conduct environment and pollution management;
- (13) To manage and maintain transportation stations both land route and water route; (14) To promote tourism;
- (15) To conduct commerce and investment promotion;
- ( 16) To construct and maintain land route and water route that are connect to other local government organizations;
- (17) To establish and maintain central market;
- (18) To promote sports, tradition and local cultures;
- ( 19) To establish provincial hospitals providing healthcare services to prevent and control communicable diseases;
- (20) To establish museum and archive;
- (21) To provide public transportation and do traffic engineering;
- (22) To prevent and mitigate disaster;
- (23) To provide order and peace measure in the province;
- (24) To undertake any activities under the authority and function of other local government organizations in the locality and such activities are supposed to be cooperatively implemented with other local government organizations or proceeded by Provincial Administrative Organization according to the Notifications issued by the Commission;
- ( 25) To support public sector or other local government organizations in developing local community;
- (26) To provide services to private sector, public sector, State agency, State enterprise or other local government organizations;
- (27) To arrange social welfare and develop quality of lives of children, women, the old and disadvantaged people;
- (28) To undertake other activities prescribed in this Act or prescribed by other laws as authority and function of Provincial Administrative Organization;
- ( 29) Any other activities that are beneficial to the local community announced by the Commission.

**Section 18** Bangkok Metropolis shall have authority and function in systematizing and managing public services for the benefit of people in the locality under Section 16 and Section 17.

**Section 19** Other local government organizations prescribed by law as special local government organizations not covering the whole provincial area shall have authority and function in managing public services for the benefit of people in the locality under Section 16.

Other local government organizations prescribed by law as special local government organizations covering the whole provincial area shall have authority and function in managing public services for the

benefit of people in the locality under Section 16 and Section 17.

**Section 20** In case the law stipulates that more than one local government organizations have authority and function concerning delivery of the same or similar public services, the Commission shall have the authority to determine of which local government organization has authority and responsibility to the assigned part.

**Section 21** Authority and function under the responsibility of the State prescribed by law may be entrusted to local government organization to proceed on the State's behalf. In executing the entrusted task following to authority and function specified in Section 16, Section 17, Section 18 and Section 19, local government organizations may collaborate to one another to implement the task or request the State or other local government organizations to proceed on their behalf, according to the situation.

**Section 22** Local government organization may entrust private sector to proceed on its behalf following to authority and function determined in the regulations, procedures, and conditions stipulated by Ministerial Regulation.

### **Chapter 3**

#### **The Allocation of Taxes and Duties**

**Section 23** Revenue of Municipalities, Pattaya city and Subdistrict Administrative Organization may come from taxes, duties, and income as follows:

(1) Building and land tax following to Building and Land Tax Act;

(2) Local maintenance tax following to Local Maintenance Tax Act;

(3) Signboard tax following to Signboard Tax Act;

(4) Value added tax according to the Revenue Code allocated at the rate when plus tax rate under Section 24 (3) and Section 25 (6) shall not exceed thirty percent of the value added tax rate deducted by the return payment. In this regard, the taxation shall be conducted by the Revenue Department;

(5) Specific business tax according to the Revenue Code shall be collected under the additional provision at the increased rate when plus tax rate under Section 24 (4) not exceeding thirty percent of the tax rate collected according to the Revenue Code. In this regard, the taxation shall be conducted by the Revenue Department;

(6) Excise tax following to Excise Act, Liquor tax following to Liquor Act as well as Tobacco stamp following to Tobacco Stamp Act shall be collected from trades in Municipalities, Pattaya city and Subdistrict Administrative Organization under the additional provisions at the increased rate of not exceeding thirty percent of tax rate collected by the Excise Department. Those are considered taxes and stamps collected following to that relevant law. In this regard, the taxation shall be conducted by Excise Department;

(7) Automobile tax and fee including surcharge following to Vehicle Act, motor-vehicle tax following to Land Transport Act as well as wheel fee following to Wheel Act; (8) Gambling tax following to Gambling Act;

(9) Education tax following to National Education Act;

(10) Slaughter duty and other benefits from slaughter following to Control of Slaughter and Distribution of Meat Act;

(11) Swiftlet nest duty following to the Swiftlet Nest Duty Act;

(12) Minerals royalty fee following to Minerals Act shall be collected. After deducting for the State at the rate of forty percent, the fee shall belong to the following local government organizations: (a) Subdistrict Administrative Organizations or Municipalities with the areas covering according to the concession shall be allocated twenty percent of the minerals royalty fee collected within that locality.

(b) Subdistrict Administrative Organizations and other Municipalities in the province with the areas covering according to the concession shall be allocated ten percent of the minerals royalty fee collected within that locality.

(c) Subdistrict Administrative Organizations and Municipalities in other provinces shall be allocated ten percent of the minerals royalty fee collected within that locality.

(13) Petroleum royalty fee following to Petroleum Act shall be collected. After deducting for the State at the rate of forty percent, the fee shall belong to the following local government organizations: (a) Subdistrict Administrative Organizations or Municipalities with the areas covering according to the concession shall be allocated twenty percent of the petroleum royalty fee collected within that locality.

(b) Subdistrict Administrative Organizations or other Municipalities in the province with the areas covering according to the concession shall be allocated ten percent of the petroleum royalty fee collected within that locality.

(c) Subdistrict Administrative Organizations and Municipalities in other provinces shall be allocated ten percent of the petroleum royalty fee collected within that locality. (14) Fee of registration of rights and juristic acts relating to immovable property with the capital in the locality following to the Land Code and Condominium Act;

(15) Airport fee following to Air Navigation Act in which the rate and procedures are determined by the Commission;

(16) The following fees shall be collected under the additional provision at the increased fee rate of not exceeding ten percent of the previous rate collected according to that relevant law: (a) License to sell liquor following to Liquor Act;

(b) Gambling license following to Gambling Act;

(17) Fee, license fee and fine collected from any business in which Municipality of Pattaya city and Subdistrict Administrative Organization are authorized to proceed within that locality shall belong to the mentioned local government organization. In case the law specifies that Municipalities shall collect the fee, license fee and fine, those revenue shall be allocated to Subdistrict Administrative Organizations in the provincial area determined by the Commission;

(18) Fee from utilizing ground water following to Groundwater Act with the proportion determined by the Commission;

(19) Any fee collected from users or persons receiving benefits from public services provided; (20) Any other fees as prescribed by law to belong to Municipality, Pattaya city and Subdistrict Administrative Organization.

**Section 24** Provincial Administrative Organization shall have revenue from taxes, duties, fees, and the following income:

(1) Provincial Administrative Organization tax for benzine and similar types of gasoline, diesel and similar types of gasoline and petroleum used as fuel for automobile shall be collected from trades in provincial area under the additional provision at the rate of not exceeding ten Satang per liter for gasoline and not exceeding ten Satang per kilogram for petroleum;

(2) Provincial Administrative Organization tax for tobacco shall be collected from trades in provincial area under the additional provision at the increased rate of not exceeding ten Satang per cigarette;

(3) Value added tax following to the Revenue Code allocated at the rate when plus tax rate under

Section 23 (4) and Section 25 (6) shall not exceed thirty percent of the value added tax rate deducted by the return payment. In this regard, the taxation shall be conducted by the Revenue Department;

(4) Specific business tax following to the Revenue Code shall be collected under the additional provision at the increased rate when plus tax rate under Section 23 (5) not exceeding thirty percent of tax rate collected according to the Revenue Code. In this regard, the taxation shall be conducted by the Revenue Department;

(5) Automobile tax and fee including surcharge following to Vehicle Act, motor-vehicle tax following to Land Transport Act as well as wheel fee following to Wheel Act; (6) Education tax following to National Education Act;

(7) Swiftlet nest duty following to the Swiftlet Nest Duty Act;

(8) Minerals royalty fees following to Minerals Act allocated at the rate of twenty percent of total minerals royalty fee collected within the locality of that Provincial Administrative Organization; (9) Petroleum royalty fee following to Petroleum Act allocated at the rate of twenty percent of total minerals royalty fees collected within the locality of that Provincial Administrative Organization; (10) Provincial Administrative Organization fee under the provision issued in order to collect fee from hotel guests according to Hotel Act;

(11) Fee, license fee and fine collected from any business in which Provincial Administrative Organization is authorized to proceed within that locality shall belong to the Provincial Administrative Organization;

(12) Any fees collected from users or persons receiving benefits from public services provided by Provincial Administrative Organization;

(13) Any other incomes as prescribed by law to belong to Provincial Administrative Organization.

**Section 25** Bangkok Metropolis shall have revenue from taxes, duties, fees, and the following income:

(1) Building and land tax following to Building and Land Tax Act;

(2) Local maintenance tax following to Local Maintenance Tax Act;

(3) Signboard tax following to Signboard Tax Act;

(4) Bangkok Metropolis tax for benzine and similar types of gasoline, diesel and similar types of gasoline and petroleum used as fuel for automobile shall be collected from trades in Bangkok Metropolis under the additional provision at the increased rate of not exceeding ten Satang per liter for gasoline and not exceeding ten Satang per kilogram for petroleum;

(5) Bangkok Metropolis tax for tobacco shall be collected from trades in Bangkok Metropolis under the additional provision at the increased rate of not exceeding ten Satang per cigarette; (6) Value added tax following to the Revenue Code allocated at the rate when plus tax rate under Section 23 (4) and Section 24 (3) shall not exceed thirty percent of the value added tax rate deducted by the return payment. In this regard, the taxation shall be conducted by the Revenue Department; (7) Specific business tax following to the Revenue Code shall be collected under the additional provision at the increased rate of not exceeding thirty percent of tax rate collected according to the Revenue Code. In this regard, the taxation shall be conducted by the Revenue Department; (8) Excise tax following to Excise Act, Liquor tax following to Liquor Act as well as Tobacco stamp following to Tobacco Stamp Act shall be collected from trades Bangkok Metropolis under the additional provisions at the increased rate of not exceeding thirty percent of tax rate collected by the Excise Department. Those are considered taxes and stamps collected following to that relevant law. In this regard, the taxation shall be conducted by Excise Department;

(9) Education tax following to National Education Act;

(10) Automobile tax and fee including surcharge following to Vehicle Act, motor-vehicle tax

following to Land Transport Act as well as wheel fee following to Wheel Act; (11) Gambling tax following to Gambling Act;

(12) Minerals royalty fee following to Minerals Act collected within Bangkok Metropolis at the rate of forty percent of total minerals royalty fee collected by Department of Mineral Resources; (13) Petroleum royalty fee following to Petroleum Act collected within Bangkok Metropolis at the rate of forty percent of total minerals royalty fee collected by Department of Mineral Resources; (14) Slaughter duty and other benefits from slaughter following to Control of Slaughter and Distribution of Meat Act;

(15) Bangkok Metropolis fee under the provisions issued in order to collect fee from hotel guests according to Hotel Act;

(16) Airport fee following to Air Navigation Act in which the rate and procedures are determined by the Commission;

(17) Fee of registration of rights and juristic acts relating to immovable property with the capital in the locality following to the Land Code and Condominium Act;

(18) The following fees shall be collected under the additional provision at the increased fee rate of not exceeding thirty percent of the previous rate collected according to that relevant law: (a) License to sell liquor following to Liquor Act;

(b) Gambling license following to Gambling Act;

(19) Fee, license fee and fine collected from any business in which Bangkok Metropolis is authorized to proceed within that locality shall belong to Bangkok Metropolis; (20) Any fees collected from users or persons receiving benefits from public services provided by Bangkok Metropolis;

(21) Any other incomes as prescribed by law to belong to Bangkok Metropolis.

**Section 26** Other local government organizations prescribed by law as special local government organizations not covering the whole provincial area shall have revenue from taxes, duties, fee, and other incomes according to Section 23.

Other local government organizations prescribed by law as special local government organizations covering the whole provincial area shall have revenue from taxes, duties, fee, and other incomes according Section 23 and Section 24.

**Section 27** Other types of taxes and duties apart from those prescribed in Section 23, Section 24, Section 25, and Section 26 may be prescribed as common taxes and duties between the State and local government organization. Or local government organization may be prescribed to increasingly collect taxes to be in accordance with the mission and budget transferred from central administration to local government organization. This shall be in compliance with Plan of Decentralization to Local Government Organization.

The annual allocation of taxes and duties under paragraph one shall be stipulated by the Commission in consideration of roles and responsibilities between the State and local government organization and those among local government organizations themselves.

**Section 28** Local government organization shall have the following income:

(1) Revenue from property of local government organization;

(2) Revenue from public utility;

(3) Revenue from commercial and business operation, including self-operation, collaborating with other people, or from the syndicate;

(4) Taxes, duties, fee, license fee, fine, compensation or other revenue prescribed by law as revenue of local government organization;

- (5) Service fee;
- (6) Subsidized fund from the Government, State agency, State enterprise or other local government organizations;
- (7) Subsidized fund from foreign countries, foreign organizations, or international organizations;
- (8) Revenue from selling bonds;
- (9) Loans from Ministries, Sub-Ministries, Departments, Organizations, or other legal persons; (10) Loans from foreign countries, foreign organizations, or international organizations; (11) Donated money and other donated property;
- (12) Subsidized money or compensation;
- (13) Revenue from State's properties or revenue from State enterprises' properties with the intention to make profit in the area of local government organization;
- (14) Revenue from special fee;

The bond issuance under (8), loans from organizations or legal persons under (9), loans from (10), and the revenue from (13) shall be prescribed in the local provisions approved by the Cabinet.

**Section 29** This Chapter specifies that local government organization shall have revenue following to the regulations, procedures, and conditions regarding the allocation rate, and the submission and receipt of revenue for local government organization determined by the Commission as published in the Government Gazette.

In case the revenue of local government organization is stipulated by other laws and that stipulation is the same as those prescribed in these provisions relating to revenue of local government organization in this Chapter, the provisions in this Chapter shall be applied. However, if there are any existent provisions that already specifies regulations, procedures, conditions, allocation rate, and submission and receipt of revenue, such law shall be applied for the time being until the Notification of the Commission under paragraph one is announced. Nevertheless, if such law does not exist, the provisions in this Chapter stipulating the revenue shall enter into force after the Notification of the Commission is issued under paragraph one.

Local government organizations may entrust State agency, State enterprise or other local government organizations to collect taxes, duties, fees, license fees, compensation, or other revenue for them. The execution shall be according to regulations, procedures, and rate prescribed in the Ministerial Regulation.

## **Chapter 4**

### **Plan of Decentralization to Local Government Organization**

**Section 30** According to Plan of Decentralization to Local Government Organization, local government organization shall have authority to proceed the following:

(1) To transfer the following missions regarding public services that the State is taking charge to local government organization in due time on the date this Act is entered into force: (a) The overlapping mission between the State and local government organization or the mission regarding public services provided by the State in the area of local government organization shall be successfully transferred within four years.

(b) The mission regarding public services provided by the State in the area of local government organization having impact to other local government organizations shall be successfully transferred within four years.

(c) The mission following to the Government policy shall be successfully transferred within four years.

(2) To clearly determine the scope of responsibility relating to public services provided by the State

and by local government organization, and those among local government organizations themselves according to authority and function prescribed in this Act. In the initial stage, the mission of local government organizations may be determined to be different based on the readiness of each local government organization. The factors such as revenue, number of personnel of that local government organization, population, implementing budget, and quality of public services delivered to people shall be considered. In this regard, this implementation shall be completed within ten years.

(3) To specify the direction and regulation that the State is in charge of coordinating and assisting the implementation of local government organization in the effective manner. (4) To specify the allocation of taxes, duties, subsidized fund, and other revenue to local government organization in compliance with authority and function of each type of local government organization as appropriate. From the fiscal year B. E. 2550 (2007) onward, local government organization shall have revenue at the rate of not less than twenty five percent of net revenue of the Government. This is intended to increase the revenue of local government organization at the rate of not less than thirty five percent of net revenue of the Government considering that fair allocation shall be made to local government organization and realizing revenue of that local government organization. The increase of revenue proportion of local government organization allocating from net revenue of the Government under paragraph one shall be made appropriately in order that local government organizations are able to deliver public services by themselves and that shall be in compliance with the additional missions transferred to local government organizations. From the fiscal year B.E. 2549 (2006) onward, the regular budget allotted to local government organization must not be less than the amount allocated in the fiscal year B.E. 2549 (2006).

(5) To establish the annual budget relating to the public services provided in the area of local government organization. The State shall allocate regular budget based on necessity and need of that local government organization.

**Section 31** In the execution following to authority and function of local government organization, in case any laws prohibiting local government organizations from executing their actions following to authority and function themselves or causing local government organizations to perform the overlapping public services delivered between the State and local government organization, or those among local government organizations themselves and the Commission agrees to amend such laws, the Commission shall report to the Cabinet for further consideration to amend the laws.

**Section 32** The Commission shall propose the implementation plan specifying procedures of decentralization according to Plan of Decentralization to Local Government Organization. The plan shall at least contain the following information:

(1) Specifying scope of authority and function on public services provided by each type of local government organization. In case the authority and function are relevant to the implementation of the State or among local government organizations themselves, guideline of implementation shall be established in contribution to the public benefit;

(2) Specifying regulations and procedures in allocating proportion of taxes and duties to sufficiently meet the need for implementing activities following to authority and function of local government organization. Public services delivered by the State must be taken into account;

(3) Proposing to amend or enact the necessary law to be able to execute activities according to Plan of Decentralization to Local Government Organization;

(4) Managing human resource administration of local government organization by launching the policy and measure on the systematic transfer of personnel from central and provincial administrations to local government organization. Appropriate system of career path shall be made.

Implementation plan under paragraph one must clearly specify detailed process, responsible organization, and expected implementation duration.

**Section 33** When finalizing the implementation plan under Section 32, the Commission shall propose to the Cabinet requesting for approval and then report to the Parliament to have the implementation plan published in the Government Gazette.

Implementation plan under paragraph one shall be binding to the relevant State agencies.

In case the situation has changed during the enforcement of implementation plan, the Commission may revise the plan accordingly to fit to the current situation.

The Commission shall monitor the implementation result and report to the Cabinet for notation annually. In case the implementation plan cannot be followed due to the problem occurred, the Commission shall report the problem and suggested solution to the Cabinet.

**Section 34** The Commission shall review the specification of authority, function, and revenue allocation of local government organization after implementing Plan of Decentralization to Local Government Organization in the period of not exceeding five year from the effective date specifying authority and function or allocating revenue. Moreover, the proper consideration on the specification of authority, function, and revenue allocation to increase the decentralization to local government organization must be made.

### **TRANSITIONAL PROVISIONS**

**Section 35** In the beginning, the Commission shall establish the plan under Section 30 and the implementation plan under Section 32 and finalize them within one year from the date the Commission performs function according to this Act.

**Section 36** In the beginning, the Prime Minister shall elect representatives from local government organization and select qualified experts under Section 6 within sixty days from the date this Act comes into force.

**Section 37** In the beginning, for the purpose of implementing actions in compliance with authority and function of the Commission prescribed by this Act, the Prime Minister may order relevant State agencies to assist the execution of the Commission as appropriate.

Countersigned by

Mr. Chuan Leekpai

Prime Minister

Note: This Act is promulgated following to the provision of Section 284 of the Constitution of the Kingdom of Thailand stipulating the entry into force of law on determining plans and process of decentralization to local government organization in order to continuously develop the decentralization to local government organization. The law's subject matter is related to the determination of authority and function in administrating public services and allocating the proportion of taxes and duties of local government organization. Additionally, there shall be the Commission consisting of representatives from the relevant State agencies, representatives from local government organizations, as well as qualified experts—each in equal number—to perform duties as Commissioners. Therefore, this Act must be enacted.

\*The Royal Decree provides the amended provisions to be in compliance with mission transfer of State agencies according to Reorganization of Ministry, Sub-Ministry, and Department Act, B.E. 2545 (2002).

Under Section 37 of Determining Plans and Process of Decentralization to Local Government Organization Act, B.E. 2542 (1999), the term “Director General of Department of Provincial Administration” is changed to “Director General of Department of Local Administration”

Note: The Royal Decree is promulgated following to provisions under Reorganization of Ministry, Sub-Ministry, and Department Act, B.E. 2545 (2002) stipulating the establishment of a new State agency with a new mission. In this regard, the Royal Decree to transfer authority and administrative function of State agency is enacted according to Reorganization of Ministry, Sub-Ministry, and Department Act, B.E. 2545 (2002). Such Act specifies to transfer authority and function of State agency, Minister who has charge or officials who have worked in the agency. In this connection, the provisions shall be amended to be in compliance with the transferred authority and function. In order to implement the provisions under such Act and Royal Decree, the amendments shall be made to be in correspondence with the transferred authority and function of State agency. In addition, to amend this Royal Decree helps enable relevant officials to implement the law without looking up of which laws transferring authority and function of State agency or responsible officials.

Determining Plans and Process of Decentralization to Local Government Organization Act (No.2), B.E. 2549 (2006)

Note: This Act is promulgated as the execution following to Plans and Process of Decentralization to Local Government Organization cannot be conducted as planned. Therefore, the allocation of revenue of local government organization according to Section 30 (4) under Determining Plans and Process of Decentralization to Local Government Organization Act, B.E. 2542 (1999) is not in compliance with the fact regarding the mission transfer. Hence, the revenue allocation of local government organization should be amended to be in accordance with the reality and to remain the same purpose of increasing revenue proportion of local government organization at the rate of not less than thirty five percent. Therefore, this Act must be enacted.