

Local Finance Law

(Purposes)

Article 1. The general purposes governing this Law are to assure sound finance of local public bodies and thus to contribute to development of local autonomy by establishing fundamental principles which shall govern operation of 'local finance' (which shall mean finance of local public bodies hereinafter) and relationship between national and local finance.

(Principles of Local Finance)

Article 2. Each local public body shall endeavor to administer sound finance, and refrain from any action contrary to the national policies or prejudicial to the finance of the State or other local public bodies.

2. The State shall endeavor to promote self-dependence and soundness of local finance, and refrain from any action prejudicial to local autonomy or from shifting expenses to local public bodies.

(Budget)

Article 3. Each local public body shall estimate its annual expenses in the budget in accordance with laws and ordinances, and in conformity with generally accepted standards.

2. Each local public body shall estimate its annual revenues in the budget by grasping its sources of revenue by means of all available data and by calculating its revenue based on the situation of economy.

(Execution of Budget)

Article 4. Expense of each local public body shall be kept to the minimum necessity for achievement of its goal.

2. Revenue of each local public body shall be collected with certainty and fairness.

(Long-term View of Financial Operation)

Article 4-2. Sound operation of finance in each local public body should not be jeopardized. Therefore, each local public body shall always be in clear prospect of its financial situation considering not only next fiscal year but also following fiscal years when it prepares and executes its budget or takes any action which is to result in increase of its expenditure or decrease of its revenue.

(Adjustment of Revenue)

Article 4-3. In case the sum of local allocation tax which a local public body receives in a fiscal year and the sum of its basic financial revenues for the same fiscal year, added together, shall considerably exceed the sum of its basic financial needs for the same fiscal year, or in case the sum of its general revenues (which shall hereinafter mean the total sum of ordinary tax, special grant tonnage, grant-in-aid to a city, town or village comprising the State estate, grant-in-aid to To, Do, Fu, or Ken comprising the state estate, grant-in-aid to a city, town or village comprising military bases, etc., and local allocation tax, or local allocation tax for special districts) in a fiscal year shall exceed the sum of general revenues in the previous year and the amount of such excess shall considerably exceed the sum of its newly increased obligations, such excess shall be reserved, with a view to the sound operation of finance in the following fiscal years, for procurement of such property as may in the long run constitute revenue sources, etc. or for advanced retirement of local debts, provided that such surplus may be appropriated to cover the increase of expenses or the decrease of revenues caused by disasters, the deficits brought forward from the previous fiscal year, or the expenses for large-scale civil engineering or other construction works requiring urgency or other unavoidable expenses.

2. All proceeds accrued from the fund reserved in accordance with preceding section (hereinafter, referred to as 'reserve fund') shall be carried over to the same reserve fund.
3. The reserve fund shall be deposited in banks or other banking institutions, invested in national government bonds, local bonds, government-guaranteed bonds (which shall mean such bonds as the government guarantees the repayment of principals and payment of interests) or other securities or otherwise invested in a most secure way.

(Appropriation from the Reserve Fund)

Article 4-4. No appropriation shall be made from the reserve fund but to:

1. Cover deficits in revenue on account or an extreme change in economy, etc.;
2. Cover increase of expenses or the decrease of revenues caused by disasters;

3. Cover expenses for large-scale civil engineering or other construction works that require urgency or other unavoidable expenses;
4. Cover expenses for procurement of such property as may in the long run constitute revenue sources, etc.;
5. Retire local debts in advance of the prescribed terms

(Prohibition of Assessments)

Article 4-5. The State (including inferior courts defined under Article 2 of National Government Organization and Judicature Law (Law No. 59 of 1947) shall not, whether directly or indirectly, collect any extra-legal assessments in money or in kind from local public bodies or inhabitants thereof, with any sort of compulsion.

(Limitations on Local Debts)

Article 5. All expenses of a local public body shall be financed with its revenue other than local debts. However, local debt may be resorted to finance:

1. The expense for transportation, gas, water supply and other enterprises undertaken by the local public (hereinafter referred to as "public enterprise".);
2. Investments and loans (including such expenses for procurement of land or other property to be invested or rented);
3. Expense for renewal of local debts;
4. Expenses for temporary measures, recovery works and relief measures in time of disaster;
5. Expense for construction works of such public or governmental facilities, as schools and other educational facilities, nurseries and other welfare facilities, fire facilities, road, rivers, harbors and other constructions (including share or subsidy for construction works of public facilities carried out by a public body or an organization that is invested by the State or a local public body and that is provided by cabinet order) and expense for procurement of land (including other rights related to land than property) used for public or governmental facilities or substitute for them.

(Term of Redemption)

Article 5-2. The term of redemption of local debts raised in accordance with item 5 of the preceding article shall be so prescribed as not to exceed the life span of the public or governmental facilities constructed with such money. This rule shall also apply to renewal of such local debts.

(Consultation about Raising Local Debts)

Article 5-3. A local public body that intends to raise local debts or change the method of raising, interest or the method of redemption shall consult with the Minister for public management, home affairs, posts and telecommunications or the governor of To, Do, Fu or Ken in accordance with cabinet order, except when trivial ones or the cases provided in the order of the Ministry for public management, home affairs, posts and telecommunications.

2. The consultation shall be hold revealing local debt's purpose, limitation, method, fund, interest and other issues provided by cabinet order.
3. A local public body may borrow related public funds in accordance with cabinet order only for local debts that the Minister for public management, home affairs, posts and telecommunications or the governor of To, Do, Fu or Ken gives approval to after the consultation provided in paragraph 1.
4. Expense for redemption of local debts that the Minister for public management, home affairs, posts and telecommunications or the governor of To, Do, Fu or Ken gives approval to after the consultation provided in paragraph 1 shall be included in the estimate of the total disbursement of local public bodies provided in paragraph 2 of Article 7 of local allocation tax law (Law No. 211 of 1950) in accordance with the Article 7 of local allocation tax law.
5. A mayor of a local government body that intends to raise local debts or change the method of raising, interest or the method of redemption without approval of the Minister for public management, home affairs, posts and telecommunications or the governor of To, Do, Fu or Ken shall report the intend to its assembly in advance. In the case the mayor thinks there is no time to hold an assembly meeting or provided in cabinet order, the mayor shall report it in the next assembly meeting after raising local debts or changing the method of raising, interest or the method of redemption

6. The Minister for public management, home affairs, posts and telecommunications shall, in accordance with cabinet order, publicize the standard of approval provided by paragraph 1 and permission provided by paragraph 1, 3, 4 and 5 of the next Article, the total planned amount of approval provided by paragraph 1(including permission provided by paragraph 1, 3, 4 and 5 of the next Article) and documents describing other issues required by cabinet order.
7. The Minister for public management, home affairs, posts and telecommunications shall hear the opinion of local finance council upon the standard of approval provided by paragraph 1 and the preceding paragraph and documents provided the preceding paragraph in advance of publicizing them.

(Permission of Raising Local Debts)

Article 5-4. A local public body that intends to raise local debts or change the method of raising, interest or the method of redemption and that meets one of the following conditions shall get permission of the Minister for public management, home affairs, posts and telecommunications shall or the governor of To, Do, Fu or Ken in accordance with cabinet order. In this case, such local public bodies do not have to consult provided by paragraph 1 of the preceding Article:

1. A local public body whose sum of the amount of this fiscal year's revenue (counted in accordance with cabinet order. This applies to all the term "revenue" in this item) appropriated to last fiscal year's expenditure (counted in accordance with cabinet order. This applies to all the term "expenditure" in this item) to deal with the shortage of last fiscal year's revenue, the amount of obligation postponed to this fiscal year's expenditure that should have been appropriated by last fiscal year's revenue primarily but is paid by this fiscal year's revenue instead to deal with the shortage of last fiscal year's revenue, and the amount of the last fiscal year's budget that should have been used to projects last fiscal year but is postponed to this fiscal year exceeds the amount counted in accordance with cabinet order;
 2. A local public body whose one third of the sum of each last three fiscal year's amount figured by deducting the amount of expenses for local debts charges that shall be taken into the standard financial need by the way provided by order of the Ministry for public management, home affairs, posts and telecommunications in accordance with local allocation tax law (the Minister for public management, home affairs, posts and telecommunications determines the equivalent amount used for special districts to this calculation. This amount is hereinafter referred to as "the amount of debt charges taken into calculation" in this item) from the amount calculated as the standard financial revenue in accordance with cabinet order by deducting the sum of the amount of debt charges taken into calculation and the amount of the specific revenue that may be appropriated to funds for local debt charges provided by cabinet order (excluding the amount provided by cabinet order and hereinafter referred to as "the amount of redemption of local debts") and the amount that can be treated as equivalent of the amount of redemption of local debts in accordance with cabinet order (hereinafter referred to as "the quasi amount of redemption of local debts"). from the sum of the amount of redemption of local debts and the quasi amount of local debts exceeds the amount counted in accordance with cabinet order;
 3. A local public body that has local debts that have not been paid on schedule;
 4. A local public body that has an experience of delaying redemption of local debts in the past and that is specified by the Minister for public management, home affairs, posts and telecommunications in accordance with cabinet order as the one that has the possibility of delaying redemption of local debts in the near future;
 5. A local public body that has an experience of raising local debts or changing the method of raising, interest or the method of redemption without consulting in accordance with paragraph 1 of the preceding Article or getting permission in accordance with this paragraph and paragraph 3, 4 and 5 of the preceding Article and that is specified by the Minister for public management, home affairs, posts and telecommunications;
 6. A local public body (that has an experience of submitting false documents or doing other fraudulent actions at consulting in accordance with paragraph 1 of the preceding Article or getting permission in accordance with this paragraph and paragraph 3, 4 and 5 of the preceding Article and that is specified by the Minister for public management, home affairs, posts and telecommunications.
2. The Minister for public management, home affairs, posts and telecommunications shall withdraw, in accordance with cabinet order, the specification provided by item 4 to 6 in the preceding paragraph when the Minister admit that the necessity of the specification has disappeared.
 3. A local public body (except such local public bodies that meet one of the items of paragraph 1) that has a public

enterprise whose is in a bad operating condition that meets one of the following conditions and that intends to raise local debts or change the method of raising, interest or the method of redemption for the local enterprise shall get permission of the Minister for public management, home affairs, posts and telecommunications shall or the governor of To, Do, Fu or Ken in accordance with cabinet order. In this case, such local public bodies do not have to consult provided by paragraph 1 of the preceding Article :

1. A public enterprise that has carried-over deficit provided by paragraph 1 of Article 2 of the public enterprise law (Law No. 292 of 1957), a enterprise other than public enterprise that all or part of the public enterprise law is applied to based on paragraph 2 or 3 of Article 2 of the law and that has carried-over deficit and a enterprise other than public enterprise that all or part of the public enterprise law has been applied to since this fiscal year and whose deficit in the preceding fiscal year calculated on cabinet order was larger than the amount calculated on cabinet order;
2. A public enterprise provided by Article 6 in accordance with cabinet order other than those that meet the preceding item whose deficit in the preceding fiscal year calculated on cabinet order was larger than the amount calculated on cabinet order.
4. A local public body that intends to raise local debts for financing the expense provided be item 5 of Article 5 or change the method of raising, interest or the method of redemption and one or more of whose tax rate of normal tax (except for local consumption tax, prefectural tobacco tax, municipal tobacco tax, mining area tax and registration of hunter tax, special land property tax and normal tax not provided by law) is below the standard rate shall get permission of the Minister for public management, home affairs, posts and telecommunications shall or the governor of To, Do, Fu or Ken in accordance with cabinet order. In this case, such local public bodies do not have to consult provided by paragraph 1 of the preceding Article.
5. In cases where one or more of the rates of taxes (except for special land property tax) that are provided by paragraph 2 of Article 5 of the local tax law (Law No. 226 of 1950) and that are imposed by To in accordance with paragraph 1 and item 3 of paragraph 2 of Article 734 of the law is below the standard rate, a special district (except for those that meet one of the items of paragraph 1 and those that shall get permission in accordance with the preceding paragraph) that intends to raise local debts for financing the expense provided be item 5 of Article 5 or change the method of raising, interest or the method of redemption shall get permission of the governor of To in accordance with cabinet order. In this case, such special district does not have to consult provided by paragraph 1 of the preceding Article.
6. The exception in paragraph 1 of the preceding article shall be applied to the cased where permission is necessary in accordance with paragraph 1, 2, 3 and 5 in the same article. Paragraph 3 in the preceding article shall be applied to local debts that have permission in accordance with paragraph 1, 2, 3 and 5 in the same article. Paragraph 4 in the preceding article shall be applied to expenses for redemption of local debts that have permission in accordance with paragraph 1, 2, 3 and 5 in the same article.
7. The Minister for public management, home affairs, posts and telecommunications shall hear the opinion of local finance council upon permission provided by paragraph 1, 3 and 4, specification provided by item 4, 5 and 6 in paragraph 1 and withdrawal of specification provided by paragraph2.

(Issuance of Bonds)

Article 5-5. A local public body that intends to raise local debts by means of bonds may publicize, accept subscriptions and deliver in accordance with cabinet order.

2. Such bonds may be issued at a discounted value.

(Application of the Commercial Code)

Article 5-6 The provisions of Article 307, 309, 310, 311 and 316 of the Commercial Code (Law No. 48 of 1899) shall apply to the local debts raised in accordance with paragraph 1 of the preceding article. The terms in these articles "corporate bond administration company", "corporate bond" and "holder of a corporate bond" shall be taken to read respectively "company that takes charge of publication and administration of local bond", "local bond" and "holder of a local bond". The terms in paragraph 1 of Article 307, "registered corporate bond", "list of corporate bond holders" and "company" shall be taken to read respectively "registered local bond", "list of local bond holders" and "local public body".

(Joint Issuance of Local Bonds)

Article 5-7. When local debts are raised by issuing bonds two or more local public bodies may, on approval of their respective assemblies, issue bonds jointly. Such local public bodies shall be collectively responsible for the redemption of the local debts and the interest payment.

(Commission to cabinet order)

Article 5-8. The necessary provision other than from Article 5 to the preceding article about local debts shall be provided by cabinet order.

(Public Enterprise)

Article 6. Public enterprises specified by cabinet order shall be operated by establishing their respective special accounts. Unless it is unreasonable in view of the nature of expenses, or absolutely, difficult in view of the nature of the enterprise, under the most efficient administration, their expenses shall be financed with the revenues deriving from the operation of such enterprises (including those deriving from local debts under Article 5), provided that, in case of disasters or under other extraordinary circumstances, a necessary amount of money may be transferred from the general account or other special accounts to cover such expenses.

(Surplus)

Article 7. If there exists a surplus in the statement of accounts of revenues and expenses of a local public body in a fiscal year, no less than a half of such surplus shall be reserved, or appropriated to retire local debts in advance of the prescribed terms, before two fiscal years shall have expired.

2. The provisions of paragraphs 2 and 3 of Article 4-3 and Article 4-4 shall apply mutates mutandis to the money reserved under the preceding paragraph.
3. If there exists a surplus in the statement of accounts of revenues and expenses of local enterprises under the preceding article, all or a part of such surplus may, notwithstanding the provisions or paragraph 1, be transferred to the general account or other special accounts, upon approval of the assembly.
4. The surplus under paragraph 1 and the preceding shall be computed as provided by cabinet order.

(Administration of Property)

Article 8. The property of a local public body shall be always kept in a good condition and employed in the most effective way according to the purpose of owing it.

(Burden of Local Public Body)

Article 9. All the expenses for the affairs of the local public body (except those affairs which To, Do, Fu or Ken will let city, town and village, based on its bylaw under paragraph 1 of Article 252-17-2 and paragraph 2 of Article 291-2 of the Local Autonomy Law, and extended association which To, Do, Fu or Ken will not join (called "extended association" under paragraph 2 and 3 of Article 28) under paragraph 1 of Article 284) execute shall be borne by such local public body. However, this rule shall not apply to the expenses for the affairs enumerated in the following Article 10-4.

(Burden of the State)

Article 10. All or a part of the expenses enumerated below shall be borne by the State, in view of the fact that such affairs performed by the local public body or the organs thereof, in accordance with law affect the interests of both the State and the local public body and the State is expected to positively bear such expenses in order to assure the smooth performance thereof:

1. Expenses for compensation of the compulsory education personnel (except retirement annuity, lump-sum retirement allowance, and travelling expenses);
2. Expenses for long-term benefits of mutual aid associations of compulsory education personnel (including expenses for additional costs necessary for long-term benefits of mutual aid association);
3. Expenses for construction of buildings for compulsory education schools;
4. Expenses for poor relief;
5. Expenses for prevention of tuberculosis and infections;

6. Expenses for allowances for contingent vaccination and, disease, handicap and, death caused by vaccination;
7. Expenses for welfare of mental health and mentally disabled persons
8. Expenses for narcotic supervisors and medical treatment of addicts of narcotics, hemp and opium;
9. Expenses for rehabilitation and assistance of the physically disabled;
10. Expenses for counsel officers for women;
11. Expenses for assistance of the mentally disabled
12. Expenses for health care of the aged, accommodation and funeral service of the aged, and special elderly nursing homes;
13. Expenses for provision of nursing care and prevention allowance of nursing care insurance, and transfer to fiscal stability funds;
14. Expenses for health examinations of pregnant women and infants, counsel offices for children, stations for temporary protection of children, protection of immature babies, physically disabled children and children ill of articulate and other tuberculosis, facilities for welfare of children and foster parents;
15. Expenses for child-support allowance
16. Expenses for execution of business of nursing care payment, provision of medical treatment of the national health insurance, medical diet treatment on admission, specific medical treatment, medical treatment, visiting medical treatment, special medical treatment, transfer service, and expensive medical treatment, and contributions from health care costs of the aged and payment of nursing care allowance;
17. Expenses for the execution of business as well as provision of the medical care allowance to the victims of the atomic bombs;
18. Expenses for the execution of business of welfare allowance to the seriously disabled children and special allowance to the specially disabled;
19. Expenses for child-care allowance
20. Expenses for facilities and equipment for job training schools and job training schools for the physically disabled;
21. Expenses for prevention of cattle epidemics;
22. Expenses for afforestation plans of private forests, maintenance of security forests and protection of forestry improvement;
23. Expenses for prevention and extermination of noxious insects, etc. of forests;
24. Expenses for overall development plans of specified regions;
25. Expenses for encouragement of attending schools for the blind, deaf or weak.
26. Expenses for reduction of public housing rent.

(Construction Projects)

Article 10-2. All or a part of the expenses for civil engineering works enumerated below shall be borne by the State, if such projects are, as provided by law or cabinet order, carried out by local public bodies in accordance with integrated plans established in conformity with national economy;

1. Expenses for establishment and improvement of important civil engineering facilities related to roads, rivers, embankments, sea coasts, harbors, etc.;
2. Expenses for establishment and improvement of important agricultural, forestry and fishery facilities related to woodland, forest roads, fishing ports, etc.;
- 2-2. Expenses for works for prevention of landslides and debris crumbling;
3. Expenses for important city planning projects;
4. Expenses for building of public housing;
5. Expenses for building of facilities for children's welfare and other facilities for social welfare;
6. Expenses for land improvement and exploitation;

(Expenses Related to Disasters)

Article 10-3. A part of the expenses for the measures related to disasters enumerated below shall be borne by the State, if the local public bodies which shall by law or cabinet order take such measures can hardly find financial resources commensurate with the financial needs under the Local Tax Law or the Local Allocation Tax Law:

1. Expenses for disaster relief projects;
2. Expenses for allowance for disaster condolence and disaster disabled condolence;

3. Expenses for recovery projects for disaster-damaged civil engineering facilities related to roads, rivers, embankments, sea coasts, harbors, etc.;
4. Expenses for recovery projects for disaster-damaged agricultural, forestry and fishery facilities related to prevention of woodland erosion, forestry roads, fishing ports, etc.;
5. Expenses for recovery projects for disaster-damaged facilities constructed by city planning projects;
6. Expenses for recovery projects for disaster-damaged public housing;
7. Expenses for recovery projects for disaster-damaged schools;
8. Expenses for recovery projects for disaster-damaged facilities for social welfare or health and sanitation;
9. Expenses for recovery projects for disaster-damaged facilities or arable land under land improvement or exploitation projects.

(Expenses Not Borne by Local Public Bodies)

Article 10-4. None of the following expenses affecting solely the interest of the State shall be borne by local public bodies;

1. Expenses for election of members of the Diet, people's review of judges of the Supreme Court and national referendum;
2. Expenses for statistics and research conducted solely for the use of the State;
3. Expenses for foreign resident registration;
4. Expenses for quarantine;
5. Expenses for tests of medicines;
6. Expenses for control of opium (except as provided by item 8 of Article 10);
7. Expenses for national annuity, employment insurance and allowance for special children;
8. Expenses for creation and maintenance of homesteads and adjustment of different uses of agricultural land;
9. Expenses for investigation of unrepatriated nationals.

(Proportions of Burdens)

Article 11. The items and computation standards of the expenses enumerated in Article 10 to 10-3 as well as the proportions to be borne by the State and local public bodies shall be determined by law or cabinet order

(Financial Needs)

Article 11-2. That part of the expenses enumerated in Article 10 to 10-3 which shall be borne by the local public body (except expenses borne by the local public body as provided by item 13-5 of Article 10 to be appropriated by fiscal stabilization funds for nursing care insurance) shall be included in the amount of its financial needs to be considered in the computation of local allocation tax granted thereto under the Local Allocation Tax Law. However, such rule shall not apply to the expenses enumerated in item 16 of Article 10 (except the reduction of the national health insurance premium and tax for the low-income persons to be transferred to the special account of the national health insurance), item 4 of Article 10-2 and item 5 of Article 10-3.

(The Affairs of the State)

Article 12. Except as provided by law or cabinet order, the State shall not shift to local public bodies the expenses for the performance of the affairs outside of the power thereof.

2. Such expenses include inter alia:
 1. Expenses for establishment, maintenance and operation of organs of the State;
 2. Expenses for the National Police Agency;
 3. Expenses for the Defense Agency;
 4. Expenses for the Maritime Safety Agency;
 5. Expenses for justice and criminal administration;
 6. Expenses for educational and research facilities of the State.

(Newly Added Affairs)

Article 13. When new affairs are by law or cabinet order added to the affairs of local public bodies or the organs of the State whose expenses are borne by local public bodies, the State shall take necessary measures to finance such newly added affairs.

- 2 Any local public body dissatisfied with such financial measures may tender its letter of opinion to the Diet

through the Cabinet.

3. Upon receipt of such letter, the Cabinet shall without delay present it to the Diet together with its own opinion.

(Subsidies)

Article 16. The State may grant subsidies to local public bodies, only if such subsidies are found especially necessary for the execution of its policies or for the finance of local public bodies.

(Share of the State)

Article 17. The State shall disburse for local public bodies the amount to be borne by the State under Articles 10 to 10-4 for the affairs enumerated in the same articles performed by such local public bodies, the organizations thereof, or organizations of the State whose expenses are borne by such local public bodies (hereinafter referred to as 'share of the State').

(Share of Local Public Bodies)

Article 17-2. When a part of expenses for affairs enumerated in Articles 10-2 and 10-3 performed by the State is to be borne by local public bodies under law or cabinet order, such local public bodies shall disburse such amount (hereinafter, referred to as 'share of a local public body') for the State.

2. Local public body benefited by civil engineering works conducted by the State on rivers, roads, embankments, harbors, etc., shall be informed of the estimated amount of its share in advance of the commencement of such works. It shall be likewise informed of a radical change in the estimated amount of share due to the change, etc. in the projects.
3. Any local public body dissatisfied with the estimated amount of its share, when it is informed under the preceding paragraph, may present its opinion to the cabinet through the minister of Home Affairs.

(Sufficient Disbursement)

Article 18. Amount of the shares, subsidies or other disbursements of the State to local public bodies (hereinafter, referred to as 'disbursements of the State') shall be computed on the basis of the amount necessary and sufficient for such local public bodies to perform affairs for which such disbursements are paid.

(Time of Payment)

Article 19. Disbursements of the State shall be paid in advance of the time of the expenditures financed with such disbursements.

2. Provisions of preceding paragraph shall apply to shares and other disbursements of local public bodies to the State.

(Commissioned Works)

Article 20. Provisions of preceding two articles shall apply to disbursements to be borne by the State or local public bodies, when works of the State are commissioned to local public bodies or vice versa.

(Letter of Opinion)

Article 20-2. Any local public body dissatisfied with computation, time of payment of disbursements of the State or disbursements to be borne by the State under the preceding article, conditions attached to the payment of such disbursements, and directions or other acts done at the time of the payment of such disbursements may present its opinion to the Cabinet through the Minister of Home Affairs or tender a letter of opinion to the Diet through the Cabinet.

(Bills Burdening Local Public Bodies)

Article 21. Each Minister or the State shall hear the opinion of the Minister for public management, home affairs, posts and telecommunications upon the draft of laws and orders within his power in advance of submission to the cabinet meeting in case of drafts of laws and cabinet orders or in advance of promulgation in case of drafts of orders, if such laws or orders are to impose a financial burden upon local public bodies.

2. The Minister for public management, home affairs, posts and telecommunications shall hear the opinion of the

local finance council upon the opinion of the Minister for public management, home affairs, posts and telecommunications about the important drafts of laws and orders provided in the preceding paragraph.

(Budget Items Burdening Local Public Bodies)

Article 22. Each Minister of the State shall hear the opinion of the Minister for public management, home affairs, posts and telecommunications upon such parts of the estimates of annual revenues, expenditures and obligations within his power as may presuppose a financial burden upon local public bodies, at the time when he sends to the Minister of Finance the documents as provided in paragraph 2 of Article 17 and paragraph 2 of Article 35 of the Finance Law (Law No. 34 of 1947).

2. The Minister for public management, home affairs, posts and telecommunications shall hear the opinion of the local finance council upon the opinion of the Minister for public management, home affairs, posts and telecommunications about the important the estimates of annual revenues, expenditures and obligations provided in the preceding paragraph.

(Use Charges)

Article 23. A local public body may, as provided by bylaw, collect charges for the use of the facilities of the State administered by such local public and financed by such local public body.

2. The charges collected shall be paid into the treasury of such local public body.

(Use Charges Paid by the State)

Article 24. If the State used the property or public facilities of a local public body, the State shall pay charges as determined by such local public body, except when exempted by the assembly thereof.

(Use of Shares)

Article 25. The shares and subsidies of the State and the shares of local public bodies shall be used in accordance with law.

2. If any local public body contravenes the provisions of the preceding paragraph, the State may withhold the whole or a part of such share or subsidy to such contravention, or order it to repay what has been already paid.
3. If the Sate contravenes the provisions of paragraph 1 with respect to the share of a local pubic body, such local public body may withhold the whole or part of such share relative to such contravention, or request the State to repay what has been already paid.

(Reduction of Local Allocation Tax)

Article 26. If any local public body has paid an excessively large amount of expense over and above the limits or has been remiss in the obligation of revenues, contrary to the provisions of law, the Minister for public management, home affairs, posts and telecommunications may reduce the amount of local allocation tax to be granted thereto, or order it to repay a part of the amount of local allocation tax already granted.

2. The amount of local allocation tax which the State may reduce or order a local public body to repay under the preceding paragraph shall not exceed the amount it has overpaid or has been remiss in collecting contrary to the provision of law.
3. The Minister for public management, home affairs, posts and telecommunications shall hear the opinion of the local finance council upon reduction or order of local allocation tax under paragraph 1.

(Construction Projects)

Article 27. To, Do, Fu, or Ken may burden a part of the expenses for civil engineering and other projects (except those for buildings of senior high schools) undertaken thereby upon the city, town or village within its area which benefits by such projects, to the extent of such benefit.

2. The amount of the expenses to be burdened upon the beneficiary city, town or village shall be determined upon resolution of the assembly of To, Do, Fu, or Ken, after the opinion of such city, town or village is heard.
3. Any city, town or village dissatisfied with the amount of the burden upon itself determined under the preceding paragraph may take exception to the Minister for Public Management, Home Affairs, Posts and Telecommunications, within twenty-one days from the day of such determination.
4. Upon receipt of such exception, the Minister for Public Management, Home Affairs, Posts and

Telecommunications may revise the amount of the burden upon the city, town, town or village, if he finds it specially necessary.

5. The provisions of Article 257 of the Local Autonomy Law shall apply mutates mutandis to the revision of the amount under the preceding paragraph.
6. The Minister for Public Management, Home Affairs, Posts and Telecommunications shall consult the Local Public Finance Council when he revises the amount of the burden upon the city, town or village under the paragraph 4.

(No Shifting upon Cities, etc.)

Article 27-2. When the State or To, Do, Fu or Ken undertakes such large-scale and far-reaching projects for civil engineering facilities related to roads, rivers, embankments, harbors and sea coasts, as enumerated in cabinet order, at the expense of both the State and To, Do, Fu or Ken, such To, Do, Fu or Ken shall not shift on cities, towns or villages the whole or a part of the burden of such To, Do, Fu, or Ken related to such expenses.

(No Shifting upon Inhabitants)

Article 27-3 To, Do, Fu, or Ken shall not, directly or indirectly, shift its burden upon the inhabitants with respect to the expenses for building the facilities of senior high schools established by itself.

(No Shifting upon Inhabitants)

Article 27-4 Cities, Towns or Villages shall not, directly or indirectly shift upon the inhabitants such expenses to be borne thereby under law as enumerated in cabinet order.

(Delegation)

Article 28. When To, Do, Fu, or Ken causes city, town, or village to perform their affairs, such To, Do, Fu, or Ken shall take necessary measures on financial sources for the city, town, or village to perform such affairs.

2. Provisions of preceding paragraph shall apply to wide area alliances.
3. Any city, town, village, or wide area alliances without To, Do, Fu, or Ken, dissatisfied with the measures on the financial sources, may tender a letter of opinion to the Minister of Home Affairs through the governor of To, Do, Fu or Ken concerned.
4. Upon receipt of such letter of opinion, the governor of To, Do, Fu or Ken shall without delay present it to the Minister of Home Affairs together with his opinion.
5. Such opinion of the governor of To, Do, Fu or Ken shall be determined upon resolution of the assembly.

(No Shifting among Local Public Bodies)

Article 28-2. No local public body shall shift the burden of expenses to any other local public bodies or otherwise break the divisions of the expenses among local public bodies, when performing the affairs for which the divisions of the expenses are provided by law.

(Disbursement of Shares)

Article 29. To, Do, Fu or Ken may share the expenses of cities, towns or villages in accordance with law or cabinet order (such share will be hereinafter referred to as "share of To, Do, Fu or Ken).

2. Cities, towns or villages may share the expenses of To, Do, Fu or Ken in accordance with paragraph 1 of Article 27 (such share will be hereinafter referred to as "share of city, town or village").

(Shares)

Article 30. The provisions of Articles 18, 19 and 25 shall apply mutatis mutandis to shares of To, Do, Fu, or Ken or cities, towns or villages and subsidies or other disbursements granted by To, Do, Fu, Ken to cities, towns or villages.

(Report on the State of Local Finance)

Article 30-2. The Cabinet shall report to the Diet on the state of local finance every fiscal year.

2. The Minister for Public Management, Home Affairs, Posts and Telecommunications shall consult the Local Public Finance Council when he prepares a report on the state of local finance.

